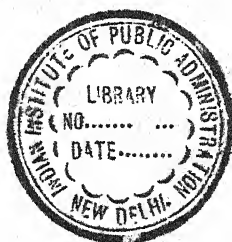


INTERNATIONAL LABOUR OFFICE

**WARTIME LABOUR CONDITIONS**  
**AND**  
**RECONSTRUCTION PLANNING**  
**IN**  
**INDIA**



**MONTREAL**  
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## PREFACE

Early last year I deputed two officials of the International Labour Office, Mr. Maurice Stack and Mr. Raghunath Rao, to proceed to India, in response to a request from the Department of Labour of the Government of India, for assistance in the examination of a scheme of health insurance for industrial workers, drawn up under the auspices of the Department. I asked Mr. Rao while in India to review and complete the information on the impact of the war on conditions of labour in India and on reconstruction planning in that country which the International Labour Office had been collecting. Mr. Rao has embodied the results of his study in the following pages. It is intended to be no more than a brief presentation of information on wartime conditions and on plans for social and economic improvement after the war. But even within these limits it seems to be well suited to serve as an introduction to the systematic consideration of labour conditions in Eastern countries, and its publication at this time to be particularly opportune in view of the widespread interest which conditions in those countries now evoke.

It may be added that the International Labour Organisation has from its inception devoted a great deal of attention to the improvement of labour conditions in Eastern countries. The war necessarily interfered in many ways with its work in this connection, but it has now become possible for it to resume its efforts in a more systematic way. The Governing Body of the International Labour Office has decided to hold a Preparatory Asiatic Regional Conference in India in 1947 and the First Asiatic Regional Conference in China in 1948, and these Conferences may be expected to prepare the way for an intensification of the activities of the Organisation in that region.

This study was prepared with the aid of material obtained from the Department of Labour as well as other Departments of the Government of India and from the Indian Branch Office of the International Labour Office; the unsparing assistance received from these sources is gratefully acknowledged.

E. J. PHELAN.

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# Part 1

## WARTIME LABOUR CONDITIONS

### I

#### The Impact of the War

For an adequate appreciation of the impact of the war in India, some understanding of the essential features of the Indian economy is indispensable. These may be briefly described. The country, which measures about 2,000 miles from north to south and 2,100 miles from east to west and extends over 1.57 million square miles in area—about three times the size of France, Germany and Italy put together—is frequently referred to as a subcontinent on account of its dimensions and diversity. Geographically it is so situated as to be equidistant from western Europe through the Suez Canal and from the Far East through Singapore, as also from south-west Australia to the south-east and South Africa to the south-west. It has an extensive land frontier of about 4,600 miles and a long coastline of approximately 4,300 miles. It possesses mineral resources and raw materials of various kinds as well as a developing industry, although the great majority of the population, estimated to total rather more than 400 million at the present time, are mainly dependent on agriculture.<sup>1</sup>

Unlike the New World, the country has long been settled and has inherited from old times ways of life which are only slowly

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<sup>1</sup>According to the 1941 Census, the total population of India was 388,997,955, of whom 339,301,902 were classified as rural. These and other figures given in this section of the report have been taken mainly from the following publications: INDIA OFFICE: *East India (Census 1941)*; *Abstract of Tables giving the main Statistics of the Census of the Indian Empire of 1941, with a brief introductory note* (Cmd. 6435, London, H.M. Stationery Office, 1943). LEAGUE OF NATIONS: *Statistical Year-Book, 1942-44* (Geneva, 1945); OFFICE OF THE ECONOMIC ADVISER, GOVERNMENT OF INDIA: *Statistical Summary of the Social and Economic Trends in India (in the Inter-War Period)*, by S. SUBRAMANIAN (Delhi, 1945); and Sir Purshotamdas THAKURDAS and others: *A Plan of Economic Development for India* (Bombay, 1944).

yielding to the exigencies of today and are being gradually—almost imperceptibly—adapted to modern conditions. Its long and tumultuous history (the beginnings of which, according to information now available, clearly date back as much as fifty centuries) has resulted in a complicated social structure—usually described as a plural society—which consists of several groups, each with its own social traditions carefully conserved, dwelling together in a common polity. Such social isolationism cannot and does not survive the corrosive cosmopolitanism of modern city life, but those who are affected by influences of this kind still form only a very small proportion of the total population. For the great majority, social life continues to be confined to narrow traditional grooves, only slightly touched by the march of time.

A few figures may be cited by way of illustration. According to the census of 1941, there were in that year only 23 cities in India with a population of 200,000 or more, and the urban population amounted to no more than 13 per cent. of the total, whereas before the outbreak of the war the proportion of the urban population to the total was 49 per cent. in France, 53.7 per cent. in Canada, 56.2 per cent. in the United States of America, and 80 per cent. in England and Wales. The railways in India before the war totalled 41,000 miles, as against 190,000 miles in continental Europe (excluding Soviet Russia) with an area of 1,660,000 square miles. In India there are 35 miles of roads per 100 square miles, while the corresponding figures for the United Kingdom and the United States are respectively 200 and 100 miles.

Industrial development in India has undoubtedly made much headway, particularly as a result of the two World Wars, but organised industry—or large-scale industry regulated by factory legislation—railways, mines and plantations have so far been able to absorb hardly 3 per cent. of the total working population. Indian industry was severely hit by the economic depression during the inter-war years, and the Second World War revealed the weaknesses of its rather haphazard growth and its total dependence on supplies from abroad for some of the vital parts of its essential structure, such as motors and machine tools. The larger urban centres are still far more commercial entrepôts in character than manufacturing areas properly so called.

Notwithstanding the predominantly rural character of the Indian economy—as much as 70 per cent. of the population is dependent on agriculture—agricultural productivity is low, even by Asiatic standards. Apart from those engaged in growing cash crops such as jute, cotton and oilseeds or tea, rubber and other plantation produce, which form an important part of the country's exports

and the prices for which are set by the world markets in these commodities, agriculturists are, for the most part, subsistence farmers with small scattered holdings, laboriously eking out a bare livelihood from the land and possessed of only a small margin for supply to the local markets. By far the larger part of the food supply for the population is made up of the accumulation of scant quantities offered for sale by millions of poor farmers, who have little or no inducement for the improvement of their primitive ways of cultivation in the existing conditions of land tenure, the organisation of rural credit and marketing, and agricultural economics generally. During the years 1930-31 to 1934-35 the average annual yield of rice per hectare in India was 14.3 quintals, as compared to 14.9 quintals in the Netherlands Indies (Java and Madura), 23.8 quintals in the United States, 25.2 quintals in China and 35.5 quintals in Japan. During the four years 1930-1934, the average annual yield of wheat per hectare was 7.1 quintals in India, 7.2 quintals in the U.S.S.R., 8.2 quintals in Australia and 9.1 quintals in Canada, and the average annual yield of cotton per hectare was 0.9 quintals in India, 1.7 quintals in Brazil, 1.9 quintals in the U.S.S.R., 2.1 quintals in the United States and 4.6 quintals in Egypt.

The low agricultural productivity, combined with the comparatively small extent of industrial production, has naturally resulted in making the *per capita* income in India one of the lowest in the world. For 1931 this has been estimated at approximately 65 rupees in British India, as compared, in Indian currency, to 1,406 rupees in the United States, 980 rupees in the United Kingdom, 792 rupees in Australia, 621 rupees in France and 218 rupees in Japan.

It follows that the standard of living is also very low. Dr. Aykroyd, Director of the Nutrition Research Laboratories, Coonoor, South India, has placed on record his view that "the majority of the population lives on a diet far remote from the most moderate standards of adequate nutrition". The *per capita* consumption of cotton piece goods in India in 1929 was 16.1 yards, as compared to 21.4 yards in Japan, 30.6 yards in Malaya, 19.1 yards in Egypt, 18.9 yards in Brazil and 64 yards in the United States.<sup>1</sup> It has been calculated that only 4 per cent. of the population live in conditions which ensure reasonable privacy and domestic seclusion. Excessive crowding is the rule, especially in the older industrial areas as, for instance, Bombay, where in 1938

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<sup>1</sup> I. L. O.: *The World Textile Industry: Economic and Social Problems* (Studies and Reports, Series B, No. 27, Geneva, 1937), Vol. I, p. 168.

the average floor space per person was 27.58 square feet. In 1939 in India there was only one hospital and dispensary for 41,000 persons and only one bed for 4,000 persons. In the same year there was only one doctor for 9,000 persons and one nurse for 86,000 persons, as compared to one doctor for 776 persons and one nurse for 435 persons in the United Kingdom. In the early 1930's the expectation of life in India for males and females was 26.91 and 26.56 years respectively; the corresponding figures for Canada were 58.96 and 60.73 years, for Australia 63.48 and 67.14 years, for the United Kingdom 58.74 and 62.88 years and for Japan 46.92 and 49.63 years respectively. Illiteracy is widespread; the proportion of persons able to read or write in any language is only 13 per cent. of the total population.

It is necessary to bear this background in mind in determining the nature of the impact in India of a total war from the west and from the east and in assessing the effort made by the country to meet this unprecedented emergency, for which it was very little prepared. All the drawbacks of an undeveloped economy had to be contended with—the lack of social mobility, the dearth of skilled personnel, the limitations on the fabrication of the tools of war, the difficulty of organising large numbers of men for the war effort and, not least, the maintenance of the morale of a depressed population. There were, moreover, other obstacles in the way of the organisation of the country for the war effort, not so evident but not the less detrimental on that account: those inherent in a recently decentralised and too loosely knit polity whose future had become a theme of acute controversy; and in the character of the administrative personnel, which was not trained for and was unaccustomed to the mobilisation of men and resources for a concerted drive for the purpose of increasing production.

On the eve of the outbreak of the war, the country had hardly recovered from the economic depression of the 'thirties, as will be seen from the following table, which gives the index number of wholesale prices for various countries for the years 1930, 1935 and 1938 (base: 1928=100):

	1930	1935	1938
Australia.....	92.7	80.6	88.9
Canada.....	90.6	75.4	82.2
India.....	82	65	68
Japan.....	82.3	84.4	114.3
United Kingdom.....	87.5	77.9	88.8
United States.....	90.7	83.9	82.5

For almost a decade up to the outbreak of the war, India's favourable balance of trade had tended to fall, and foreign obliga-

tions had been largely met by the export of gold. Although the country is normally an importer of gold, during this period it sent abroad large quantities of the precious metal, derived from considerable numbers of agriculturists, who, in accordance with custom, had invested their small savings in jewelry and had been forced to part with it in order to meet the fixed charges and essential requirements for the payment of which their current earnings were totally inadequate. While the index number of the prices of exports from India, consisting largely of raw materials, fell from 100 in 1927-28 to 57.3 in 1935-36 and 55.1 in 1938-39, that of the prices of imports into India, mainly made up of manufactures, did not decline in the same proportion, and moved only to 64.4 in 1935-36 and 67.4 in 1938-39.<sup>1</sup> The agricultural depression had the effect of shrinking the market for indigenous industry, and although the larger (steel, sugar, match, cement, glassware and other) industries benefited from protection, the unorganised smaller industries, including handicrafts, which employ a large number of persons, were hard hit.

The immediate effect of the war was an improvement in the economic situation. Within the first three months of the outbreak of the war agricultural prices rose by 40 per cent. Industry also showed improvement, and the index number of industrial production (1935=100), calculated by the commercial publication *Capital*, of Calcutta, rose from 112.7 in 1938-39 to 113.9 in 1939-40.<sup>2</sup> Foreign trade received a setback in the first few months of the war on account of the diversion of the normal currents, but thereafter registered an improvement; the excess of exports over imports was 173.8 million rupees and 488.2 million rupees for 1938-39 and 1939-40 respectively.

In 1940 agricultural prices showed a declining trend, as a result of the recession caused by the lull in active military operations. The official and public attitude to the problem of price control at the time was one of disappointment that the earlier trend of a rise in agricultural prices had not been maintained and of non-interference with the process of agricultural recovery. But with the entry of Japan into the war and the fall of Malaya and Burma in quick succession, the imports of rice from abroad were cut off, the uncertainties of the war were accentuated, and agricultural prices rose rapidly.

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<sup>1</sup> *Statistical Abstract for British India, 1943* (Cmd. 6441, London, H. M. Stationery Office, 1943), table No. 265-A.

<sup>2</sup> The index of production (1935=100) of steel was 112 in 1938 and 137 in 1940; cotton manufacture, 120 (1938) and 119 (1940); coal, 121 (1938) and 125 (1940); pig iron, 107 (1938) and 137 (1940); and paper, 123 (1938) and 178 (1940).

## INDEX NUMBERS OF PRICES IN INDIA, 1939-1944

*(August 1939 = 100)*

Year	Food and tobacco	Other agricultural commodities	Raw materials	All primary articles	Manufactured articles	General index
1939-40	118.5	157.4	119.3	124.3	131.9	126.0
1940-41	107.4	113.3	121.5	113.5	120.4	114.9
1941-42	122.0	129.9	146.7	132.4	154.4	136.8
1942-43	172.0	157.3	165.6	165.5	190.6	171.4
1943-44	294.4	217.0	185.1	233.4	237.3	237.3

Source: RESERVE BANK OF INDIA: *Report on Currency and Finance for 1943-44*, Statement II, p. 75.

After 1942 India felt the full impact of the war from the west and from the east, and the country was a principal base of operations in both directions. Accordingly, the demand for products of all kinds steadily increased. Employment expanded. The Indian armed forces increased in numbers from the pre-war strength of under half a million to over two and a half million. Attached to them were a considerable body of semi-skilled or unskilled workers, recruited from many parts of the country and employed on various construction projects. The number of persons employed in organised industry also increased; and handicrafts and other unorganised or less well-organised small-scale industries were, moreover, pressed into service in the furtherance of the war effort, with the result that their level of employment likewise went up.

As a result of increased industrial activity it was urgently necessary to regulate industrial employment. The public authorities took steps to regulate industrial relations and promote labour welfare. Measures were likewise taken to increase the supply of skilled workers and to facilitate the mobility of unskilled labour. One effect of the expansion of employment, combined with the diversion of a good part of the local production to war supplies and the reduction or cessation of imports was a shortage of consumption goods, including food and clothing. This shortage, in the absence of an adequate system of price control and rationing, led to a sharp rise in prices. The uncertainties of the war and the reluctance of producers and middlemen to part with their stocks added to the difficulties of the situation. Another factor was the system by which the United Kingdom Government financed the purchase of goods and services in India for the Allies, by providing sterling securities against which the Reserve Bank of India issued currency. In the existing conditions, in view of the shipping difficulty and the reduction in imports, this method was perhaps unavoidable, but it brought about a considerable and continuous

increase in the volume of the currency in circulation and gave rise to inflation<sup>1</sup>.

The strain on the Indian economy has consequently been very considerable<sup>2</sup>, and although the war opened new avenues of social progress in the country, it led at the same time to the imposition of a heavy burden on the large majority of the working population. It has been estimated, for instance, that 74 per cent. of the population of Bombay and 66 per cent. of that of Cawnpore live in one-room tenements; and that 15 persons to a room is not uncommon in many parts of Bombay. Not only has accommodation been rendered scarce, but the supplies of food, clothing and drugs and medicines have become wholly inadequate for civilian needs. While it is of course true that such shortages are common to all belligerent countries, it has to be remembered that the pre-war standard of living in India was one of the lowest in the world and left little margin for sacrifices of this kind. The situation has served to bring home to the authorities and the people alike the urgent need for a considerable improvement in production as well as distribution, so as to raise the standard of living of the people and enable the country to deal adequately with such emergencies in the future. To this end, the Central, provincial and Indian State Governments, as well as workers' and employers' representatives, have prepared and published numerous projects. Similar projects have also been or are in process of being drawn up by prominent publicists and by public bodies, including the leading political parties. Underlying all of them, despite their differences, is the conviction that no substantial improvement in the Indian social fabric can be effected on the prevailing low standards of life and work. But higher standards, if they are to be broad-based and widespread, cannot of course be attained with spectacular rapidity, and they may well call for the purposeful reorganisation of the national economy. There is ample evidence, however, that the implications of this process are appreciated in responsible circles of all shades of opinion in the country and that there is a valuable opportunity at the present time for the commencement of concerted efforts for economic and social progress.

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<sup>1</sup> On this point, see "Wartime Inflation in India and its Social Repercussions", in *International Labour Review*, Vol. L, No. 6, Dec. 1944, pp. 736-750.

<sup>2</sup> On the impact of the war in India from the general economic point of view, reference may be made to the *Eastern Economist* (New Delhi), which has published several valuable notes on the different aspects of the question. See also, P. S. LOKANATHAN: *India's Post-War Reconstruction and Its International Aspects* (New Delhi, Indian Council of World Affairs; Bombay, Calcutta, Madras, London, Oxford University Press, 1946)—an illuminating review of the situation, which was, however, received after this report had been sent to the press.



## II

### The Food Situation

The primary requirement for a thriving working population in any country is an adequate supply of food, and by far the gravest revelation of the impact of the war in India has been the inadequacy (even in normal times) of the food supply for the population, and the consequent need to take urgent steps to ameliorate the situation. The reasons for the wartime scarcity of foodstuffs are numerous. The more obvious ones, such as the cessation of imports, the dislocation of transport facilities on account of the demands made by military traffic, the accordance of priority for supplies to the armed forces, whether within the country or in foreign parts devoid of the necessary facilities to provision them, the emergence of clandestine markets for trade in essential foodstuffs, or the waste occasioned by military decisions which had to be taken in haste in rapidly changing situations, are all factors incidental to war and in some measure common to all belligerent countries.

The less obvious factor, and one which may be said to have been widely and fully appreciated only since the tragedy of the famine in Bengal, is the lack of an adequate supply of food for the population even in normal times. Until then, the low agricultural productivity of the country and intake of foodstuffs per head of the population apparently tended to be regarded merely as a problem of general poverty, a price problem to be resolved by the interplay of economic forces regardless of its social implications.

There has been no appreciable increase in food production in India in recent years. The net available food supply increased by only 23 per cent. during the period 1910-15 to 1934-35.<sup>1</sup> In the four years 1939-40 to 1942-43, which showed little deviation from the trend in previous years, the total annual amount of the principal food grains available for consumption was 55.3, 51.2, 52.2 and 53.6 million tons respectively.<sup>2</sup> On the other hand, the population increased by 10.6 per cent. (about 32 million) during the decade 1921-31, and by 15 per cent. (about 51 million) in the following decade.<sup>3</sup>

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<sup>1</sup> Cf. Radhakamal MUKERJEE: *Food Planning for Four Hundred Millions* (London, Macmillan and Co., 1938).

<sup>2</sup> INDIA OFFICE: *India (Food Situation 1943)* (Cmd. 6479, London, H.M. Stationery Office, Oct. 1943).

<sup>3</sup> *East India (Census 1941), op. cit.*

Although Indian agricultural statistics are admittedly largely conjectural, it may be mentioned that, so far as those areas from which returns are regularly received are concerned, the total amount produced annually of seven major food grains is estimated at 50-53 million tons and the total annual consumption at 54-55 million tons. But these over-all estimates leave out of account inter-regional differences, which are great, and the no less considerable changes from year to year because of weather conditions. These changes may amount to as much as 10 per cent. or more of the total and affect the adequacy of the food supply. In normal times the import of rice from Burma and the rapid transfer of supplies from surplus to scarcity areas by making full use of the transport facilities prevented local shortages from taking an acute form.

With the occupation of Burma by the Japanese, however, not only was the usual import cut off, but the transport of food supplies was impeded because of the putting out of use of small craft employed on the inland waterways in east Bengal, as a precautionary defensive measure, and of the pressing need to divert a great deal of the railway traffic to the transport of military supplies. Producers as well as the public authorities in the surplus provinces (provinces with stocks in excess of their own immediate requirements), which were greatly influenced by the uncertainties of the war, were loth to part with their stocks, and the Central Government was hesitant or reluctant to seek or to use powers to constrain those provinces to give their due to a common pool from which the scarcity areas might be assisted. Prices of food grains rose enormously in certain areas in consequence, more particularly in Bengal, where, as is well-known, famine conditions prevailed in 1943. According to an estimate made by a Commission of Investigation appointed by the Governor-General in Council, the Bengal famine seriously affected one tenth of the population of the province—six million—of whom not less than a million and a half lost their lives.

The Commission, which does not hesitate to criticise the administrative shortcomings of the provincial and Central Governments in dealing with the regulation of the food supply, to which the famine is mainly attributed, concludes that the economic level of the population previous to the famine was low in Bengal, as in the greater part of India. Agricultural production was not keeping pace with the growth of the population. There was increasing pressure on the land, which was not relieved by compensatory growth in industry. A considerable section of the population was living on the margin of subsistence and was incapable of standing any severe economic stress. Parallel conditions prevailed in the

health sphere, standards of nutrition were low and the epidemic diseases which caused high mortality during the famine were prevalent in normal times. There was no "margin of safety" as regards either health or wealth. These underlying conditions, common indeed to many other parts of India, were conducive to the occurrence of famine, accompanied by high mortality.<sup>1</sup>

The difficulties in the way of designing a satisfactory system of price control of food grains in the conditions in India are, however, not to be underestimated. The large size of the country, with its several hundred thousand rural centres drawing their supplies of rice and other food grains, except perhaps wheat, from the meagre surplus of many times that number of small cultivators, is only one of them. No less formidable from an administrative point of view is the autonomy of the provinces and of the Indian States. In all matters of internal administration the Indian States may determine their own policies without reference to any external authority, while in the case of the provinces, since 1937, when the existing Constitution came into force, agriculture is under their direct control, as it is a "provincial" (or "State", as distinct from "federal") subject, with the Centre possessing no more than co-ordinating powers subject to the previous consent of the provinces. Before the tragic experience of Bengal drove the Central Government to assume a vigorous initiative in the vital matter of the regulation of the country's food supply, there was a long period of trial and error, the history of which is perhaps not without interest, in as much as it throws some light on the need for a directing central authority.

Within a few days of the outbreak of the war the Central Government issued a notification under the Defence of India Rules empowering the provincial Governments to control the prices of essential commodities, including foodstuffs. The first price control conference, consisting of representatives of the Central, provincial and State Governments, was held as early as October 1939, and it recommended that no action should be taken to regulate the prices of primary products, mainly so as to avoid interference with the process of agricultural recovery. In June 1940, when the second conference was held, agricultural prices, far from advancing rapidly, tended to decline after the first favourable reactions following the declaration of war. The Conference prudently decided that while the Central Government might, if necessary, take steps, with the consent of the provinces, to control the primary

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<sup>1</sup> Cf. FAMINE INQUIRY COMMISSION: *Report on Bengal* (New Delhi, Government of India Press, 1945).

wholesale market prices, the control of retail prices should be left to the provinces. Once more it was not felt expedient that agricultural recovery should be impeded by the introduction of control measures.

The third conference was held in October 1941, when the same reluctance was manifested to let the Centre take control measures. Having regard, however, to the fluctuations in the price of wheat, the Central Government extended the powers of the provinces (under the Defence of India Rules) to deal with emergencies. It further fixed the maximum prices of wheat, in accordance with the recommendation of the second conference, and requested the provinces to take appropriate action in respect of the retail markets.

The price situation deteriorated at the end of 1941, when Japan entered the war. The Central Government cautioned the provinces against the building up of their own separate reserves of food grains, but some of them had already begun to restrict the movement of food grains outside their boundaries.

The fourth conference, which met in February 1942, recommended the removal of the prohibition against interprovincial exports; deprecated the building up of separate stocks of food grains by individual provinces; considered that the administration of price control should be left to the provinces; and suggested that the Central Government should set up an appropriate organisation to ensure the equitable distribution of food supplies between surplus and scarcity provinces.

The fifth conference was held in April 1942. Its conclusions were that scarcity provinces might with advantage build up their own stocks of food grains; that it was not necessary to control the price of rice; that while the Central Government should institute a system of licences for wholesale dealers in food grains, the licensing of retail dealers should be left to the provinces; and that the ordinary channels of trade should not be interfered with by control measures.

The price of wheat, however, continued to rise, with the result that in May 1942 the Central Government issued the Wheat Control Order, prohibiting the interprovincial movement of wheat without a permit, and the Food Grains Control Order, providing for the licensing of wholesale dealers in food grains and requiring them to submit periodic returns.

The sixth conference, held in September 1942, recommended the employment of a single agency for all civil defence purchases; the prohibition of the export of wheat on private account from the surplus provinces; and the institution of suitable arrangements

by the Central Government for the purchase of food grains from the surplus provinces for distribution in the scarcity provinces.

In July 1942, in accordance with the recommendation of the fourth price control conference, the Central Government set up a Food Advisory Council, consisting of representatives of the Central, provincial and State Governments, to secure, co-ordinate and disseminate information on the production and distribution of food and to work out a policy on a national basis. It also established a Department of Food in December of the same year.

Between December 1942 and July 1943 three food conferences were held. Once again, the provinces left no doubt that the control of the agencies for the purchase of food grains should be vested in them and that no maximum prices should be fixed. They agreed, however, that the Central Government should arrange to secure supplies from surplus provinces for distribution in scarcity provinces. Accordingly, the control over the price of wheat was removed, but the plan for the distribution of grain from surplus areas in scarcity areas, which came into operation on 1 April 1943 and was to have been in force for a period of twelve months, had to be abandoned after three and a half months, mainly because the necessary stocks were not forthcoming. The Central Government was therefore constrained to declare the whole of north-east India, including Bengal, a free trade area, leaving the procurement and supply of food grains to be dealt with by the provinces among themselves.

The result was that the shortages were accentuated, prices rose and the situation generally deteriorated in the north-east. The third food conference, which was held in July 1943, recommended the abrogation of the free trade experiment. The Central Government accepted the decision, adopted a revised plan for procurement and distribution and appointed a Food Grains Policy Committee to advise on policy. The Committee made important recommendations, including the augmentation of the available supplies by imports, the improvement of the procurement machinery, the extension of rationing, the introduction of statutory price control over a gradually increasing area, the amelioration of the machinery of food administration and the readjustment of the relations between the provinces and the Centre.

The situation showed marked improvement in 1944. The experience of Bengal and the Allied military victories may have been contributory factors. A good deal had also been done to lay the groundwork for the determination and administration of food policy, which, if it had been done earlier, might well have reduced the extent of the distress caused by the dislocation of the

country's food supply. The system of price control was being built from the bottom up on a provincial and regional basis, taking into account the seasonal changes, with the Central Government co-ordinating the control measures at the national level. A Price Advisory Committee was established at the Centre, with the Economic Adviser as chairman. Cultivators were guaranteed minimum prices by the Central Government, as for instance in the case of wheat offered for sale in the markets of the Punjab, the United Provinces and Sind. Similar guarantees were also offered for replacing the cultivation of short staple cotton by that of millets. Attention was directed to the improvement of storage facilities and measures were taken to ensure that the improvement was maintained. The machinery for procurement and supply was likewise improved, and systematic advance plans were prepared concerning the stocks and transport facilities needed. Rationing was gradually extended, and the population covered in November 1944 was 42 million, distributed in some 460 towns. It was introduced even in rural areas such as British Malabar and the Indian States of Cochin and Travancore. Regional food commissioners were appointed to advise the Central Government of local shortages.

These measures, belated as they were, may well prove to be the beginnings of a sound policy for the regulation of the country's food supply, which will not be the less necessary in times of peace. The urgency and importance of such measures have been particularly stressed by the Famine Inquiry Commission, to which reference has been made above. In its report it has made a number of recommendations, which have been generally accepted by the Government. In the opinion of the Commission, the period of the transition to normal conditions may well last until 1951-52, although its actual duration would depend upon a number of factors, not all of them calculable. During this period, the organisation of food administration with a view to the evolution of a system of price regulation is recommended, and the target suggested for the initial phase is a price level of 240 per cent. of the average for the five years ending 1938-39. The continued operation of control measures during this phase is also recommended by the Commission, but in the next stage the retransfer of responsibility for the distribution of supplies from Government agencies to the trade, subject, however, to safeguards to prevent the price level from rising above 240 per cent. or falling below 180 per cent. of the pre-war level, is suggested.

The Commission calls attention to the existence of much ill-health, disease and mortality in India due to malnutrition, and emphasises that the hard core of the problem of agricultural prices

is the stabilisation of the prices of rice and wheat, which together account for nearly a half of the total area under all food crops. Intensive farming, the development of cottage industries, the regional integration of agricultural and industrial activities, the organisation by local bodies of public works schemes for rural improvement, internal migration from overpopulated to underpopulated areas and large-scale industrialisation by the development of hydro-electric power are among the measures suggested by the Commission to alleviate rural underemployment, which is regarded as the most important of all rural economic problems.<sup>1</sup> The Commission has thus emphasised the dual aspect of the food problem: the augmentation of the total supply available for consumption and the enhancement of the effective demand by raising the level of employment. Not unless both aspects of the question are simultaneously dealt with would it be possible to ensure a fairly even distribution of food supplies, essential for the improvement of the general standard of living.

In the course of a debate on the food situation in the Central Legislative Assembly in January 1946, apprehension about the adequacy of the food supply in the coming months, on account of the adverse effect of seasonal factors, was expressed by the spokesman of the Food Department. He stated that a more complete mobilisation of the internal resources of the country by the introduction and extension of some form of monopoly procurement, the possible introduction of a levy on the bigger producers to enable the Government to control a substantial quantity of grains to the fullest extent possible, and the extension of rationing as completely as practicable, particularly in the scarcity provinces, the revision of the ration scale if unavoidable, and the strict maintenance of price control were among the measures contemplated by the Government to meet the anticipated food shortage. He recalled that the four main heads of the food policy approved by the Famine Inquiry Commission were: the basic plan, procurement, price control and rationing. A fundamental weakness in this plan was the general unreliability of agricultural statistics in most parts of the country, but progress had been made in improving the methods and machinery for collecting statistics. The essence of the problem of procurement was the acquisition of the maximum amount of food grains to be had from the cultivator in all parts of the country. During the war there had been a steady tendency on the part of the producer to consume more and for the surplus available for marketing to be reduced.

<sup>1</sup> FAMINE INQUIRY COMMISSION: *Final Report* (Delhi, Government of India Press, 1945).



That was the principal explanation for the smaller surpluses made available to the Food Department to meet the requirements of scarcity areas. Another factor was the increasing population, at the rate of 5 million a year, or in terms of consumption, the annual increase in demand of 500,000 tons of food grains.

The speaker added, however, that viewed against the background of the price levels reached in certain parts of the country in 1943, the progress made in the control of prices in accordance with the Government's policy could be regarded as satisfactory, despite the shortages. The total population rationed from the central reserve (because of the difficulty of shipping during the war, which had not made it possible to ship large quantities of grain) already amounted to 53 million persons, distributed among 556 towns, including 90 with a population of 100,000 or more persons; rationing was capable of fairly rapid extension and would be an invaluable element in controlling the food situation. The figures for food grain imports since October 1943 were: October-December 1943: 197,700 tons; 1944: 653,500 tons; 1945: 840,300 tons; and 1-21 January 1946: 62,700 tons.

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### III

#### Wartime Industrial Development

At the outbreak of hostilities in 1939 Indian industry was hardly sufficiently well-developed to produce the newer types of military equipment which were urgently required for the fighting forces in the different theatres. During the greater part of the critical period of the war, the distances separating India from countries capable of providing the necessary machinery to enable the production of such equipment and the consequent demand on shipping—to mention only a single factor—were an effective deterrent to industrial development on novel lines. Consequently, the wartime expansion in production was for the most part confined to industries which had been well-established before the war or those which could be initiated largely, if not solely, with such resources as the country possessed in respect of capital goods and skilled workers. As the expansion took place, not in accordance with a long-considered or well-co-ordinated plan, but in response to the imperative demand of the military situation, it was necessarily somewhat haphazard. The following notes give particulars of the wartime development of some of the more important industries.

#### TEXTILES<sup>1</sup>

The textile industry, which is one of the foremost industries of the country, was well established before the war. The total production of cotton cloth for 1938-39 amounted to 5,608 million yards (69.6 per cent. of which was produced by the mills and the remainder by the handlooms) and of jute manufactures (including twist and yarn) to 1,221,500 tons. As much as 46.24 per cent. of the total value of exports by sea from British India during that year was accounted for by manufactured textiles and raw materials for textile manufactures. The indigenous mill industry provided 61 per cent., and the handloom industry, 25 per cent., of the annual

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<sup>1</sup> See also "Wartime Developments in the Indian Textile Industry", in *International Labour Review*, Vol. LII, Nos. 2-3, Aug.-Sept. 1945, pp. 176-195.

The information given in this section is based on various sources, including *Monthly Survey of Business Conditions in India* (various issues), published by the Office of the Economic Adviser, Government of India; *Report of the Fact-Finding Committee (Handloom and Mills)* (Delhi, Manager of Publications, 1942); BOARD OF TRADE: *Report of the Cotton Board Committee to Enquire into Post-War Problems* (Manchester, Nicholls and Co., Jan. 1944); G. W. TYSON: *India Arms for Victory* (Allahabad, Kitabistan, 1943); and U. S. DEPARTMENT OF AGRICULTURE: *Statistics on Cotton and Related Data* (Washington, D.C., Dec. 1939).

average supply of cloth for the home market during the years 1934-35 to 1938-39.

Next to the United States, India is the largest raw cotton producing country in the world. The average annual production for the years 1934-35 to 1938-39 was 4.7 million bales of 478 lbs. each. During the war, however, as a result of efforts to increase the food supply, a part of the land under cotton was diverted to the growing of food crops, and the acreage under cotton declined by 21.7 per cent. in 1943-44 as compared with the years immediately preceding the outbreak of war. The consumption of Indian cotton by the indigenous mill industry, it may be noted, increased from 3,106,300 bales (of 400 lbs. each) in 1938-39 to 4,344,600 bales in 1944-45—an increase of 39.8 per cent.—and the export of raw cotton declined from 2,702,800 to 318,600 bales during the same period.

### *The Cotton-Mill Industry*

Notwithstanding the immense wartime increase in the demand, both domestic and foreign, for textiles, there was no large increase in the mill production of cotton cloth. The production of cotton piece goods, which amounted to 4,269.3 million yards in 1938-39 and had remained much the same until 1942-43, increased to 4,870.6 million yards in 1943-44 (an increase of 14 per cent. over the 1938-39 production). In the following year the production declined to 4,706.7 million yards.<sup>1</sup> During the four years ending 1942-43, the number of spindles installed increased only from 10,059,370 to 10,130,568, while the number of looms declined from 202,464 to 200,890. This fact, together with the wartime shortages of coal and of skilled workers and the insufficiency of mill stores and textile accessories, no doubt accounts for the scant increase in the production of cotton goods. According to one estimate, no less than 50 per cent. of the textile machinery would need to be replaced after the war in the case of spinning machines, power looms and sizing machines.

As a result of the wartime need for supplies to the armed forces and exports to neighbouring areas for the satisfaction of their pressing requirements, there was a sharp decline in the supplies available for civilian consumption in the country. The purchases by the Supply Department of the Government of India increased from 300 million yards in 1939-40 to 1,000 million yards in 1941-42

<sup>1</sup> It may be noted in this connection that during the years 1937-1942, the mill production of cotton piece goods in the United Kingdom declined from 3,806 million square yards to 1,850 million square yards (excluding made-up goods), while in the United States it increased from 9,321 million square yards to 12,000 million square yards, and there was also an increase in Canada from 245 million square yards to 350 million square yards.

and 1,200 million yards (estimate) in 1942-43. Exports (including re-exports), which increased from 192.7 million yards in 1938-39 to 857.6 million yards in 1941-42, declined, however, to 416.1 million yards in 1944-45. Imports, which declined from 647.1 million yards in 1938-39 to 3.7 million yards in 1943-44, amounted to 5.2 million yards in 1944-45. The supplies available for civilian consumption in the country declined from 4,723.7 million yards in 1938-39 to 2,284 million yards in 1942-43, or by 51.6 per cent. It is estimated that in 1942 alone the Indian cotton-mill industry supplied the armed forces of the United Nations with 852 million yards of cotton cloth and many miscellaneous items as well.

### *The Handloom Industry*

The total number of handlooms in the country was, according to an estimate, 2 million in 1940, and 72 per cent. of the looms were utilised for the manufacture of cotton textiles. The industry produces approximately 1,600 million yards of cotton cloth annually<sup>1</sup>, and employs about 2.4 million full-time and part-time weavers and 3.6 million paid and unpaid assistants. Contrary to the usual supposition, the great majority of handloom weavers are full-time workers, and the industry, in which varying types of organisation ranging from independent craftsmen to co-operative workshops and small factories are represented, is in process of evolution and reorganisation and is largely located in urban areas.

The war served to provide a respite for the handloom industry from the encroachment of the indigenous mill industry. During the First World War and the inter-war period the indigenous mill industry expanded mainly at the expense of foreign imports, but signs were not lacking that the handloom industry would lose ground in the long run in the home market. Between 1921-25 and 1934-38, for instance, the mill production increased from 1,805 million yards to 3,433 million yards (90 per cent.), while the handloom production increased from 948 million yards to 1,394 million yards (47 per cent.) and the shares of the mill industry and the handloom industry in the total supply of cloth available for consumption in the country increased from 41 to 61 per cent. and from 24 to 25 per cent. respectively. It is evident that there was an increase in the handloom production of cotton textiles between the years 1938-39 and 1944-45, for during this period the amount of mill consumption of Indian cotton increased by 39.8 per cent. and the increase in the mill production of cloth was only 10 per cent.

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<sup>1</sup> In the production of cloth by the handlooms, mill-made yarn is used to a very large extent.

### *The Jute Industry*

The country has a virtual monopoly of raw jute, which is grown for the most part in Bengal. It has been estimated that the mills in India consume no more than 20 to 25 per cent. of the jute produced in the country. The total number of such mills (including 1 in one of the French Settlements) was 110, with 68,528 looms and 1,369,821 spindles. The number of workers employed in the jute mills was 310,624 in 1941. Exports are the mainstay of the industry, which was greatly affected by the wartime shortage of shipping. Between 1938-39 and 1944-45 the exports of raw jute declined from 690,600 tons to 160,200 tons, or by 76.8 per cent. Exports of jute manufactures (including twist and yarn) declined from 956,302 tons in 1938-39 to 619,282 tons in 1942-43, and rose to 708,184 tons in 1944-45. The total production of jute manufactures declined from 1,311,600 tons in 1938-39 to 975,000 tons in 1944-45, or by 25.7 per cent. It may be added that the average annual acreage under jute dropped from 2,980,000 acres during the years 1936-37 to 1938-39 to 2,602,000 in 1943-44, and there was a corresponding reduction in the production of raw jute from 8,387,000 bales (of 400 lbs. each) to 6,949,000 bales.

### *Wool*

Before the war the production of woollen and worsted cloth by the organised mills industry amounted to approximately 7,310,000 lbs. annually. In 1938-39 there were 35 woollen mills in the country, with 2,102 looms and 73,943 spindles in place. During the war all woollen mills were employed in the manufacture of material for the defence services; the Government undertook to provide the raw material and to take over the entire production, which increased to 27 million lbs. a year. It is believed that, provided that the industry is reorganised, the wartime level of production can be maintained, although for any further increase imports of machinery would be necessary.

The woollen handloom industry in different parts of the country produces various kinds of rough fabrics, as well as blankets and carpets. These latter were much in demand abroad before the war. During the war, however, the industry was called upon to supply blankets to the armed forces. The total number of blankets, according to military specifications, received for instance in 1943 was 543,214.

The woollen knitting industry produced before the war over 5 million pairs of socks and stockings and 1,644,000 garments annually. The production was raised during the war to 1,225,000

pairs of socks and stockings and 425,000 garments a month, the larger part of which was acquired by the Supply Department of the Government for the defence services.

### *Silk*

According to an authoritative estimate, in 1937 there were 105 silk weaving establishments in India. During the inter-war period the industry was adversely affected by imports of raw silk from abroad and even more in consequence of the popularity of artificial silk. The demand for high-quality silk, which continued, however, to be produced in various parts of the country for a restricted internal market, increased during the war owing to the need for large quantities of parachute cloth. Assistance in various ways was provided by the Government, and the output of filature raw silk in 1943 was estimated at 165,000 lbs. The production was expected to reach 500,000-700,000 lbs. in 1945.

### *Clothing*

The large-scale clothing industry is essentially a wartime enterprise in India, wholly dependent on the demand for ready-made garments for the defence services. There was only a single Army clothing factory in the country in 1931, with a monthly output of some 75,000 garments. The industry was greatly developed during the war and several new factories were established; the monthly average of garments produced in 1942-43 was nearly 10 million. An increasing demand for readymade garments is expected after the war, and consequently it is believed that the industry may be able to maintain itself.

### *Tentage*

Before the war, only 5 firms in Cawnpore were engaged in the manufacture of the special pattern tents required for the Army, but in 1940, in response to the wartime increase in the demand for tentage, 53 new factories were established in the vicinity of port towns. The annual purchase of tentage for the armed forces before the war, which amounted to one million rupees, increased to, approximately, 10 million rupees in 1939-40, 85 million rupees in 1940-41, 130 million rupees in 1941-42 and 160 million rupees (estimate) in 1942-43.

### LEATHER

India's cattle population—230 million cattle and 104 million sheep and goats—amounts to a third of the world total, and its

annual output of hides and skins has been estimated at 20 million cow hides, 5.5 million buffalo hides and 44.5 million skins (goat, kid and sheep). The output, however, is subject to much variation, as the bulk of the hides is derived from animals which die a natural death, and not from slaughtered animals as in other countries. As much as 40 per cent. of the cattle hides and over 90 per cent. of the skins were exported before the war, nearly half the cattle hides only partially tanned.

During the war, as a result of the partial reduction in imports and a very considerable increase in the demand for leather goods for the defence services, there was a marked expansion of the leather industry. The pre-war average production of "army footwear" by the indigenous leather industry was approximately 100,000 pairs a year, while in 1943 it was called upon to produce no less than 6.5 million pairs, in addition to harness and saddlery in considerable quantity. In consequence, many new establishments came into existence. In addition, a large number of village cobblers and small artisans in towns were engaged in the production of leather goods. The leather industry has several subsidiary industries, such as the tanning and grindery industries, and the industry as a whole may be expected to retain many of its wartime gains after the war, having regard to the expansion of the defence services, the greater demand for leather goods from civilians and the world shortage of footwear and leather goods generally.

## CHEMICALS

### *Heavy Chemicals*

As a result of the full use of the existing capacity for production and of the installation of new plants, the production of sulphuric acid rose from 40,000 tons to 93,000 tons a year. The output still falls short of the estimated requirements after the war. Gypsum is, however, found in abundance in various parts of the country and it is hoped that it might be possible to use it as a substitute for sulphur in the preparation of sulphuric acid.

The manufacture of caustic soda was begun only recently. The present production, estimated at approximately 2,800 tons a year, amounts only to a small fraction of the estimated minimum post-war requirements.

Of the 11,000 tons of bleaching powder required annually, only 3,000 tons are at present produced locally.

About 90,000 tons of sodium carbonate are estimated to be needed every year for the different industries, but the existing capacity for indigenous production amounts only to 56,000 tons.

The requirements of sodium bicarbonate are estimated at 6,000 tons a year, and this quantity is at present being imported.

In order to meet the shortage of imports of potassium chlorate during the war, its manufacture was started locally on a scale sufficient to meet the requirements of the country, and it is anticipated that it will be possible to maintain this production.

Sodium sulphide was wholly imported before the war. A factory is being set up and it is hoped that when it comes into production it will be able to meet the greater part of the demands of the home market at favourable prices in comparison with foreign prices.

The production of saltpetre during the war amounted, as before the war, to approximately 11,000 tons a year, and it might be possible to increase it to rather more than double that amount, provided that there were a demand for it as a fertiliser.

The production of bichromate as well as that of chromic acid was initiated during the war, and the former industry might be in a position to meet demands for exports to neighbouring countries, if properly reorganised.

#### *Fine Chemicals*

The fine chemicals industry in India is undeveloped, except for the manufacture of tinctures and a few pharmaceutical preparations on a very small scale, most of them from imported products. There are only a few plants in the country for the distillation of wood and coal tar, which are the basic raw materials for the fine chemicals industry, and, during the war, in order to procure locally supplies of a few chemicals urgently needed for the defence services, the Supply Department of the Government of India made emergency arrangements. Some of the improvised industries might be expanded to meet post-war requirements.

#### *Fertilisers*

The indigenous production of fertilisers is small and rose from 25,000 tons in 1938-39 to 40,000 tons in 1942-43. It has been suggested that the target for after the war should be not less than two thirds of a million tons annually in order to augment the food production.

### HEAVY INDUSTRIES

#### *Metallurgical*

Although the Indian iron and steel industry was fairly well-developed before the war, it did not produce the special kinds of steel required for armour plates, tools, wheels and axles and other



equipment of modern war. Nor had aluminium, copper, lead, zinc, tin and other non-ferrous industries been developed to any appreciable extent. During the war new technical processes were initiated, as a result of which large quantities of guns, tanks, bombs and other munitions were produced.

Before the war, apart from the production of some 6,000 tons of copper per year employed in the manufacture of hot rolled brass sheet, no non-ferrous industry of any importance existed in India, although plans were put into execution for the setting up of aluminium smelters and rolling mills. Since the war began, a start has been made in the production of aluminium, and two plants have been established, which will eventually produce 7,000 tons of aluminium in the form of sheet or ingot from indigenous bauxite. On the virgin metal side, antimony and lead smelters have gone into operation; the former are capable of producing at least half of India's total demand.

At the outbreak of the war the pig iron made in India amounted to about 1,750,000 tons a year, and the finished steel to approximately 750,000 tons a year. Rods and bars made by rerolling mills probably amounted to 50,000 tons a year. The pig iron production rose to 2 million tons in 1943, the production capacity for finished steel to 1,250,000 tons in 1943-44 and the rods and bars production to 222,000 tons in 1944. Steel production for ordnance requirements, estimated at 2,000 tons a year before the war, was 30,000 tons in 1944. The wartime expansion of the steel industry also led to the development of the ancillary and associated industries, including refractories and ferro-alloys and the tinplate, bolts, nuts and rivets, steel castings and wires and wire products industries, which might be expected to pave the way for further industrial advance. The refining of non-ferrous scrap has developed considerably during the war years; the individual factories have nearly doubled in number. In the processed metal sphere, the industry has derived considerable stimulus as a result of the war and such items as brass and copper sheet, rods and bars and lead pipes, are among those which can now be produced in India.

### *Engineering*

The Indian engineering industry is largely dependent upon the programme of public works construction in the country. It prospered greatly in the inter-war years until the depression set in, when the public authorities resorted to a policy of restriction. With the outbreak of war, however, the situation improved. Production increased to unprecedented levels in all branches, except



a few which were wholly dependent on imports for indispensable supplies, and new branches were founded in response to the war demands. The membership of the Indian Engineering Association rose from 58 firms with a total of 84,000 employees in 1939 to 87 firms with a total of 150,000 employees in 1943.

Hardly a hundred machines a year were made in India before the war, but in 1943 the output, though confined to the simpler type of machine tools, was 4,500. Barely 10 per cent. of the country's total annual requirements of hand tools—pickaxes, shovels, chisels, hammers, screw drivers, spanners, twist drills, wood-working tools—was produced locally in the pre-war years, but the wartime expansion has enabled the industry to satisfy the entire demand, except in the case of metal-cutting and wood-working tools, almost all of which are imported.

The mechanical engineering industry likewise benefited by the war, and the production of such items as centrifugal and hand-operated pumps, oil engines and weighing machines and jacks increased appreciably.

Experiments in the manufacture of textile machinery were made in 1941. The industry is still in an early stage of development. On the other hand, the fabrication of dairy machinery, which was also started during the war, being simpler would seem to be assured of good post-war prospects.

Like progress was not made, however, in the manufacture of road-making machines, in part because of the uncertainties of the wartime demand and in part because of the insufficiency of essential imports.

The structural engineering industry, which was well established before the war, had a single-shift production capacity of 10,000 tons a month, but the pre-war output was below this figure, owing to paucity of demand. However, as a result of war demands for floating docks, prefabricated steel-frame buildings, aeroplane hangars and bridges, the industry manufactured in the earlier part of 1944 over 10,000 tons of steel structures a month. Wagons were also made in India before the war to the extent of 2,500 to 3,000 annually, and efforts were made in wartime to increase the production by initiating the manufacture of rivets and axles and wheels, which were formerly imported. Another wartime innovation was the making of armoured vehicles, of which 4,803 were produced up to March 1944.

The electrical engineering industry was also considerably developed during the war. The production of fans, incandescent lamps, lighting accessories, dry batteries and cells, secondary batteries, distribution transformers, wires and cables and motors,

which was on a small scale before the war, was greatly increased. In addition, the manufacture of black adhesive tapes, conduit pipes and "D" class signalling cables was initiated.

### *Shipbuilding and Repairing*

Although marked progress could not be made, because of the wartime difficulties in securing the necessary facilities, the shipbuilding and shiprepairing industry made some advance.

From the beginning of the war up to Japan's surrender, 2,113 craft, including boats of all sizes, were built and at the end of this period 527 were under construction.

From the beginning of 1942 to 1 July 1945, a total of 8,234 merchant ships, representing a tonnage of 49,506,715 tons, were repaired. In 1944, 780, and in 1945 up to 31 July, 477 naval vessels of all classes were repaired by commercial firms. These figures do not include a large number of vessels repaired by commercial firms for the Coastal Forces or other services such as the Army and the Royal Air Force, nor do they include the large amount of maintenance required for harbour craft or the assembly of prefabricated craft.

The temporary loss of sea communication by the shortest route, the shortage of shipping space, and the heavy commitments of the R.A.F. and U.S.A.A.F. in Europe, necessitated the establishment of a wartime aircraft repair industry on a considerable scale. The repair of airframes, aero-engines, armament equipment, instruments, radar and signal equipment and accessories had to be developed. In addition, the manufacture of a proportion of airborne and ground equipment, including spares, was undertaken for reasons of urgency or short supply, or as a means of saving sea and air transport.

## OTHER INDUSTRIES

### *Cement*

The Indian cement industry, which is well established, increased its production from 1,532,748 tons in 1939 to 2,106,000 tons in 1943. The larger part of the production during the war was used for Government purposes, civil and military. The demands on the industry, both for purposes of home consumption and for exports, are expected to be such that it is likely to expand after the war. The production of asbestos cement goods also received considerable stimulus during the war.

*Timber Industries*

Heavy demands were made during the war on the saw-milling, plywood, woodware and body-building (vehicles) industries, as a result of which there was considerable expansion of all of them; but owing to various factors concerning the structure of these industries, it is thought that, with the possible exception of plywood, they might not be able to maintain the wartime progress.

*Drugs, Medicines and Dressings*

Before the war the production of drugs in India was largely confined to galenicals and proprietary medicines. Synthetic drugs were produced only in meagre quantities. In 1940, in order to encourage the indigenous manufacture of medical stores, the Government set up a special committee. As a result of this initiative, up to July 1942 as much as 68 per cent. of the requirements of medical stores of the country was met by local production, compared to 25 per cent. at the outbreak of war. The number of items so produced rose from 1,745 in 1941 to 2,361 in 1942. The surgical dressing industry likewise developed rapidly during the war. Having regard to the wartime progress in the manufacture of alcohol and various chemicals, the post-war prospects of the drugs and medicines industry are considered to be really good.

*Distilleries*

The war provided a great stimulus to the production of alcohol in India. The quantity distilled in 1942-43 was approximately 10.6 million gallons, a third of which was needed for the requirements of the defence services.

*Paints and Varnishes*

Paints produced in India amounted to 24,740 tons in 1938 and 30,000 tons in 1942, and the production of varnish in 1943 was 400,000 gallons. As most of the raw materials necessary are available in the country, it is considered that the supplies needed for industrial development might be obtained locally.

*Glass*

With the exception of the glass bangles industry, which covered 80 per cent. of the domestic consumption, some two thirds of the glass goods other than bangles were imported from abroad before

the war. India had no exports whatever of glass to neighbouring countries. As a result of the wartime expansion of the industry, it is hoped that ultimately some export will be possible.

### *Soap*

The production of soap in India decreased during the war from approximately 157,000 tons in 1938-39 to about 90,000 tons in 1943, largely because of the difficulty of obtaining a sufficient supply of caustic soda from abroad. The industry is firmly established and expected to make good progress after the war.

### *Miscellaneous*

Included in this group are a number of industries—cycles, rubber, cutlery, crockery, enamelware, brushware, surgical instruments and appliances, hemp and coir rope, and buttons—which from small beginnings have grown to a large extent during the war, mainly as a result of the considerable reduction in foreign trade, both exports and imports. Some of them, such as the surgical instruments and appliances and hemp and coir rope industries, might be able to maintain their position after the war, but the prospects would seem to be less certain in the case of the others.

This outline of wartime industrial expansion in India is by no means complete and no reference has been made in it to the development, for instance, of the food industries such as biscuit-making, fruit canning and dehydration, or the increase in plantation produce such as tea and rubber, or the extension of the telecommunications system by 100,000 miles at a cost of about 160 million rupees. In the great majority of cases the acceleration of industrial development was brought about by the initiative of the Government, especially the Supply Department and the military authorities. The assistance provided usually took the form of the guaranteed purchase of production and the provision of the materials needed, but there were also cases in which productive efficiency was increased or the manufacturing processes were facilitated with the aid of local research workers, or foreign technicians, whose services were secured by the good offices of the Government.

Finally, it may be noted that the composition of the country's foreign trade, exclusive of trade on Government account, shows that from 1938 to 1944 there was a progressive increase in the proportion of raw materials to total imports (by value) and a

steady decline in the proportion of manufactured articles. As regards exports (including re-exports), the proportion of manufactured goods to the total (by value) continued to rise and that of raw materials to decline. The proportion of food, raw materials and manufactured articles to the total value of imports, which was 13.5, 23.9 and 61.0 per cent., respectively, in 1938, was 9.0, 58.0 and 31.9 per cent., respectively, in 1944. In the case of exports, the proportion of food, raw materials and manufactured goods to the total value, which was 23.5, 44.3 and 30.5 per cent., respectively, in 1938, was 22.5, 24.7 and 51.5 per cent., respectively, in 1944.

The full extent of wartime industrial production as well as the real reasons why further advance was not made will become apparent only if and when all the relevant information is published. Meanwhile, it is widely apprehended that, great as the development has been, it falls short of similar achievement in some other countries, especially when the manpower and material resources of India are taken into account. Such apprehension has led to a great deal of public criticism, which, whether well founded or not, may be regarded as a measure of the impatience, in the present temper of the country, for rapid industrial advance.

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## IV

### Organisation of Labour Supply

The changes in the employment situation brought about by the war may be seen from the following analysis of the returns under the Indian Factories Act, giving the average daily number of workers employed in organised industry.

AVERAGE DAILY NUMBER OF WORKERS EMPLOYED IN INDUSTRIAL  
ESTABLISHMENTS IN BRITISH INDIA SUBJECT TO THE  
INDIAN FACTORIES ACT, IN 1943

(000's)

Industry	1939	1943	Percentage increase in 1943 over 1939
Central, provincial and municipal Government establishments:			
Clothing	2	29	1,350.0
Dockyards	5	13	160.0
Engineering (general)	8	23	187.5
Railway workshops	56	93	66.1
Miscellaneous	5	19	280.0
Mints	2	7	250.0
Private establishments:			
Textiles	817	1,002	22.6
Engineering	148	254	71.6
Minerals and metals	55	93	69.1
Food, drink and tobacco	97	125	28.9
Chemicals, dyes, etc.	56	83	48.2
Paper and printing	44	51	15.9
Wood, stone and glass	52	90	73.1
Hides and skins	13	34	161.5
Miscellaneous	20	37	85.0

Source: *Indian Labour Gazette*, Vol. I, No. 2, Aug. 1943; Vol. II, No. 3, Sept. 1944. For the 1944 figures, which were published after this report was completed, see the Apr. 1946 issue of the *Gazette*. As compared with 1943, total factory employment in 1944 increased by 3.4 per cent., largely as a result of the rise in employment in ordnance factories.

It will be remarked that in both classes of establishments mentioned—Government and private—there was an appreciable increase in employment in all industries without exception. In the Government establishments the rate of increase was highest in the clothing industry and lowest in the railway workshops. The rate of increase was higher in the miscellaneous group, mints and general engineering industries than in dockyards. In the case of private establishments, the rate of increase was higher in the hides and skins, miscellaneous, wood, stone and glass, engi-

neering, minerals and metals and chemicals and dyes industries than in the food, drink and tobacco or paper and printing industries; in the last-named the rise was the smallest. In other words, the level of employment rose mainly in industries essential to the war effort.

The most important classes of industrial workers comprise, in addition to factory workers, those employed in mines, 347,018 (1941); on railways, 708,541 (1939-40); and in plantations, 885,950 (1937-1939).

The above figures do not, however, present the whole picture. In India the smaller or unorganised industries provide employment for a much larger number of persons than organised large-scale industry, which alone is covered by the returns of the Factories Act<sup>1</sup>; these smaller industries have made their own considerable contribution to the wartime increase in production. In addition, a large number of skilled and semi-skilled workers have been absorbed by the armed forces.

From the outset, the demand for technically trained workers from the Central, provincial and municipal Government and private establishments as well as from the defence services was much larger than the available supply. The utilisation of the existing number of technical workers to the maximum advantage could be ensured only by the control of their employment, and for that purpose, on 29 June 1940, the Governor-General in Council promulgated the National Service (Technical Personnel) Ordinance (Ordinance No. II of 1940). The various categories of skilled and semi-skilled artisans—carpenters, electricians, blacksmiths, fitters, painters, machinists—to whom the Ordinance was applicable were specified in a schedule, and all such technical workers between eighteen and fifty years of age who were not in the armed forces were made liable for employment in national service. Any factory engaged in war work might be declared by notification to be a factory engaged on work of national importance, and all notified factories might apply for technical personnel. Any industrial undertaking might be required to furnish particulars of the technical personnel it employed, and the management of any undertaking other than a notified factory might be required to release technical personnel

<sup>1</sup> On this point see B. G. GHATE: *Changes in the Occupational Distribution of the Population* (Studies in Indian Economics issued by the Office of the Economic Adviser to the Government of India, Second Series, No. 1, New Delhi, 1940), p. 44. Mr. Ghate observes that "judged by the test of the total number of persons occupied in industry, India is easily the first among the industrial countries of the world". See also Sir Atul C. CHATTERJEE: "Federalism and Labour Legislation in India", in *International Labour Review*, Vol. XLIX, Nos. 4-5, Apr.-May 1944, pp. 415-445. Sir Atul concludes that the total of wage earning workers engaged in industry, transport, mines, plantations, trades, domestic service and agriculture had reached a figure exceeding 57 million in 1941.



for employment in national service. The terms of service of the personnel so requisitioned might be determined by the competent authorities, without prejudice, however, to the rights that they had already acquired to a provident or superannuation fund. Technical personnel to whom the Ordinance applied might be moved from one factory to another, and in certain selected undertakings they could not leave or be discharged without the permission of the competent authority.

Technical personnel requisitioned for national service under the Ordinance were entitled to reinstatement in their former employment under conditions no less favourable than those which would have been applicable to them had they remained in that employment.

The local administration of the Ordinance was vested in national service labour tribunals especially constituted in different areas for that purpose. The tribunals, which consisted of not less than three members appointed by the Central Government, the majority of whom were servants of the Crown, were vested with the powers of a civil court and might record evidence, administer oaths, enforce the attendance of witnesses and compel the production of documents.

The Ordinance was amended in 1940, 1941, 1942, 1943 and 1944. The principal changes introduced by these amendments were: technical personnel were made liable to undertake employment not only in notified factories but also in training establishments and technical posts under the Crown; the definition of technical personnel was extended so as to include apprentices and notified Asiatic immigrants in British India; the tribunals were empowered to determine the terms of service of persons who had been refused permission to leave their employment; the minimum age of persons to whom the Ordinance was applicable was reduced from eighteen to seventeen years; the Ordinance was made applicable to Indian State subjects resident in British India; and the administrative powers of the tribunals, as well as the categories of technical personnel to whom the Ordinance was applicable, were extended. Offences under the Ordinance were made cognisable, and the scope of the Ordinance was extended so as to include ships registered in British India and ships' officers.

Three other Ordinances were also issued for the regulation of employment: the Essential Services (Maintenance) Ordinance (Ordinance No. XI of 1941), applicable to all employments under the Crown, as well as private employment declared to be essential in the interests of the war effort, and designed to ensure that the administrative personnel would remain at their posts in emergency conditions; the Motor Vehicles (Drivers) Ordinance (Ordinance



No. V of 1942), empowering the Government to requisition the services of persons qualified to drive motor vehicles and providing for their reinstatement in former employment on the termination of compulsory service; and the Railways Employment Military Personnel Ordinance (Ordinance No. LIII of 1942) regulating the employment of members of the armed forces in the working and management of railways. Amendments, mostly of a formal character, were subsequently made to the first two of these Ordinances.

It might be mentioned in this connection that provision was made in the Defence of India Rules for empowering an authorised officer in a specified area to require any male person in that area to assist in emergency defence or rehabilitation work at rates of payment determined by the officer (section 78A); and for empowering the Central Government to employ military personnel in Government or other undertakings in war work, should such a course be deemed necessary for the promotion of the war effort or in the public interest (section 81 subsection 3A).

Not only was the employment of trained workers regulated, but measures were taken to increase the supply of such workers. In June 1940 the Government appointed a committee to examine the nature and extent of the training facilities provided in the existing technical institutions in the country and to recommend measures to improve those facilities and adapt them to wartime requirements. In the following month the Department of Labour of the Government of India drew up its first training scheme, providing for the training of some 3,000 semi-skilled tradesmen. Within three months the scheme had to be expanded.

The training scheme, which was not only initiated but also administered by the Labour Department, covered all the main engineering trades, including fitting, turning, machining, instrument-making, welding, sheet-metal work, tool-making, blacksmithing, moulding and pattern-making, and included the Indian States. For inspection and supervision purposes the country was divided into five regions, and training was given in accordance with specimen syllabuses prepared by the Department. The courses varied from three to nine months in the first instance and were subsequently extended to twelve months in some cases. Candidates for training were selected by the national service labour tribunals or by local selection committees or recruiting officers appointed by the tribunals.

On the completion of their training, the trainees were trade-tested and placed in employment in the defence services or in civil industry according to requirements. While under training, trainees received stipends varying from 24 to 31 rupees a month according

to their educational attainments and the relative cost of living in the locality. On admission to a training centre each trainee received a free issue of two sets of workshop clothing and was entitled to a small advance for the purchase of personal requirements. Free medical treatment was provided, and if a trainee was injured he was entitled to the benefits provided by the Indian Workmen's Compensation Act. Sports and physical training were encouraged and the Government provided a grant for the purpose. Hostel accommodation was provided at most of the larger centres.

An interesting feature of the scheme was the concentration at special centres of trainees who volunteered for Army service. The enrolment might take place at any time after joining a training centre, and the trainees accepted for Army service received Army rates of pay or an allowance in lieu thereof.

The scheme was initiated with 1,800 Indian instructors and 100 British specialist instructors obtained from the United Kingdom through the good offices of the Ministry of Labour. The critical shortage of machine tools and precision instruments for training purposes was made up by a supply secured from the United States under lend-lease arrangements. The scheme was revised from time to time in the light of the experience gained in its working. The smaller and less efficient centres were gradually closed down and the more successful ones were developed. At the end of January 1945 the total number of persons who had completed their training under the scheme was 86,223, while the number under training was 21,425. There were 164 centres at that date with a total capacity for training 30,588 persons.<sup>1</sup>

With the end of the war in prospect the future of the scheme came up for consideration, since there would be a considerable reduction in the demand for trainees for employment in Government undertakings or in the defence services after the war and the trainees would need to be absorbed in civil industry. An advisory committee was set up by the Government to ascertain the views of industrialists on the changes to be introduced in the scheme in order to make it useful for industry. Several recommendations were made by the committee, including the assignment of a certain number of the training centres to specialise in training for civil industry; the extension of the course of training to a period of three years and six months with eighteen months' practical work in a factory; the linking of training to school education and the admission, at least in some of the centres, of boys of fourteen to fifteen years of age on leaving school; the requirement of a higher minimum standard of general education for admission to training;

<sup>1</sup> *Indian Labour Gazette*, Vol. II, No. 9, Mar. 1945.

and the co-ordination of any existing apprenticeship training system in factories with the technical training scheme. At a subsequent meeting, the committee recommended the establishment of an apprenticeship scheme on a national basis, with provision for training for two years at a training centre and a year and a half of practical training in a factory, and the immediate establishment, in different provinces, of training centres to accommodate 4,608 workers.<sup>1</sup>

It is not without interest to note in this connection that, in view of the poor physique of the greater part of the trainees, the Government decided in 1943 to set up depots in which prospective trainees would receive regular physical training and, where necessary, would be given shark liver oil treatment as well. In the same year systematic periodical medical examination of the trainees was instituted, and in view of the mounting prices of food grains, arrangements were made for the sale, at different training centres, of grain at concession rates to the trainees and to instructors receiving less than 200 rupees a month.

In addition to the above scheme, various less extensive schemes were instituted during the war. Early in the war, provision was made for the training of junior technical staff and semi-skilled artisans required for the expansion of the ordnance factories. The scheme aimed at training, by 1 September 1942, 10 assistant works managers, 1,300 supervisors and 6,000 skilled and semi-skilled artisans in ordnance factories. Staff selected from these factories were sent on deputation to the United Kingdom to study the latest production methods. Arrangements were made for giving to trainees who had completed their training under the Labour Department's scheme advanced training for a period of eight or nine months in civil industry as machine-tool artificers and tool makers. The Labour Department's trainees who had applied for Army service but had failed to attain the required physical standard were afforded facilities for further training for two to four months in aircraft repairs. A small centre with 250 seats (189 of which were occupied in November 1943) for training young persons as naval artificers for the Royal Indian Navy was instituted. In response to the demand for clerical staff for the defence services, centres were also instituted for giving the requisite training to selected persons. In November 1943 there were 21 such centres, with a total training capacity of 5,211 persons a year.

<sup>1</sup> This scheme will provide only 2,304 trained workers annually, but the estimated annual demand for such workers is reported to be 16,000. See also, note on "Technical Training in India" in *International Labour Review*, Vol. LII, Nos. 1-2, Jan.-Feb. 1946, p. 94.

Finally, reference should also be made to another scheme, which owed its inception to the then British Minister of Labour and National Service, Mr. Ernest Bevin, for advanced practical training in industrial undertakings in the United Kingdom of selected Indian workers with three years' engineering experience in workshops. Under this scheme, which began early in 1941, workers were sent in groups of 50 to the United Kingdom. The period of training, which was six months in the first instance, was subsequently extended to eight months, the groups were enlarged from 50 to 75 by the inclusion of 25 aeromechanics, and provision was also made for the inclusion in each group of 15 workers trained under the Labour Department's training scheme who had passed their trade tests with credit and had acquired at least a year's practical experience in a factory engaged in war work. Workers trained under this scheme belonging to the first few groups, at any rate, were reported to have found it fairly easy to secure employment on their return at wages appreciably higher than those they had previously received. Up to February 1945 the total number of trainees sent to the United Kingdom was 713. One of the recommendations of the advisory committee on training mentioned above was that this scheme should be adapted to post-war requirements, by the extension of its scope so as to include industries other than engineering, the careful selection by regional committees of craftsmen for specialised training and the extension of the period of such training from eight to at least twelve months.

The war also caused a rise in the demand for unskilled labour. While there was, of course, no absolute shortage of unskilled labour in the country, local shortages in areas with large defence works or other undertakings with a steady demand for labour were by no means uncommon, particularly because of the lack of mobility from surplus to scarcity areas on account of the long distances separating them, the diversity of habits and customs in different parts of the country and the general rigidity of the rural communities. In the early stages of the war the tea gardens in Assam released sufficient labour to meet the pressing needs in the north-east. Subsequently, the Government found it necessary to make more extensive arrangements, and instituted a system of labour depots in which groups of workers, each consisting of some fifty persons under a leader, were formed into basic units of 500 to 800 workers each under a commander. The units, which were provided with the necessary tools and were accompanied by medical officers, were despatched to different destinations for such work as the construction of roads, strategic railways and airfields, or coal mining.

The first of these depots was set up in Gorakhpur in 1942, and in May 1944 the total number of workers supplied by the depot was 66,699.

In 1943, in Jubbulpore, where a large number of Government undertakings were located, an advisory committee was set up to co-ordinate the recruitment of labour for these undertakings and propose measures for the promotion of labour welfare, including the determination of wage rates and cost-of-living bonuses and the provision of stores for the sale of grain at concession rates and housing, medical relief and other such amenities.

As a result of these experiments, the Government decided in 1944 to establish advisory committees in each province to assist in the co-ordination of the demand for, and the regulation of the conditions of employment of, unskilled labour, as well as to set up labour depots in all surplus areas. In the same year a Directorate of Unskilled Labour Supply was set up to supervise the working of this scheme; and a Labour Recruitment Control Order, requiring a licence to be obtained for the recruitment of labour in special controlled areas in different parts of the country, was promulgated.

The wartime organisation of labour supply was largely improvised to meet the urgent requirements of an unprecedented situation. It had to be placed on a more systematic and permanent basis if it was to be enabled to deal with the problems of transition after the war, when large numbers of workers would be released from the armed forces and when the war factories would inevitably close down or restrict production very considerably. Accordingly, the Government decided in 1943 to establish a network of employment offices.

The scheme was confined in the first instance to technical personnel who were receiving a daily wage of not less than a rupee when last employed. It applied to supervisory grades but not to managerial grades. It was designed to encourage the registration of unemployed technical personnel, but such registration would not be compulsory. The employment offices would deal only with placement, and the determination of the conditions of service of the applicants would be excluded from their scope.

The offices would be under suitably qualified managers. A tradesman supervisor capable of carrying out trade tests in the main engineering trades would be included in the staff where necessary. Local employment committees, consisting of two representatives of employers, two of workers, one of the provincial Government and one Army representative, and with a chairman to be elected by them, would also be set up to advise on all questions

concerning placement. The central office in the Department of Labour, Government of India, would co-ordinate the needs of the different provinces and issue directions to the local offices when required.

While employers would be encouraged to apply to the employment offices for any technical personnel they might require, the engagement of the applicants referred to them would not be compulsory. In the event of the rejection of such applicants, the employers would, however, have to give reasons for such rejection.

By May 1944, 10 offices had been set up in accordance with this scheme, but having regard to the needs of demobilisation the Government decided to extend it and proposed to establish 71 offices by February 1946: one central office, 9 regional offices, 2 special offices for naval and aircraft trades and 59 subregional offices. It was also proposed to set up 6 Directorates under a Director-General of Resettlement and Re-employment in order to facilitate the placement of demobilised personnel and their reintegration into civil life: a Directorate of Employment Offices and Statistics to supervise, integrate and direct the work of central, regional and subregional offices; a Directorate of Employment to explore new avenues of employment; a Directorate of Technical Training to organise facilities for advanced technical training and apprenticeship training for demobilised technical workers; a Directorate of Vocational Training to prepare schemes for the training of demobilised persons in non-engineering trades and vocations; a Directorate of Publicity to call public attention to the need for the reinstatement in civil employment of demobilised persons and canvass for them positions in private employment; and a Directorate of Welfare to watch the interests of demobilised persons who had been reinstated in civil employment. It was also announced that the Labour Department had under consideration a separate scheme for the placing of disabled persons in employment. The staff necessary for the administration of the scheme would be trained partly in India and partly in the United Kingdom.

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## Industrial Relations

On the question of industrial relations the Royal Commission on Labour in India, which was appointed in 1929 and reported two years later, observed:

An important factor at work in creating industrial unrest in India is the lack of contact which too often exists between employers and employed. There are employers who, by special efforts, have established reasonably close touch with their workers, but they are exceptional. In practically every centre and every industry [with the exception of plantations] the lack of contact and understanding is evident. In the interests of all concerned, we urge that every effort should be made to bridge the gulf. An immense amount of thought and toil has been devoted to surmounting the technical, financial and commercial difficulties in the way of industrial development in India. But it will fail to secure the results it deserves unless much more attention is given to the difficult sphere of human relationships. Weakness in this direction has already produced serious effects, and the outlook in some of the centres we visited was menacing. Unless a vigorous effort is made to effect an improvement, the development of large-scale industrial enterprise is likely to be difficult and precarious.<sup>1</sup>

The warning was repeated by Mr. Harold Butler, British Minister in Washington and formerly Director of the International Labour Office, who visited India in the course of an official mission to the East in 1937. Mr. Butler recorded his impression that "the problem of industrial relations may be considered to be the chief problem confronting Indian industry at the present time, and one upon which further industrial development to some extent depends".<sup>2</sup>

With the outbreak of war, the maintenance of the industrial output at its maximum capacity became imperative, but at the same time industrial relations were inevitably subjected to increasing strain. Moreover, although the Central Government had to bear the responsibility for the direction and conduct of the war effort, under the Government of India Act of 1935, which was brought into operation in 1937, its functions in matters pertaining to labour legislation and administration were in practice confined to those of an advisory character. In most of these matters the provincial Governments had plenary powers in all but name as

<sup>1</sup> *Report of the Royal Commission on Labour in India* (Cmd. 3883, London, H.M. Stationery Office, 1931), p. 340.

<sup>2</sup> Harold BUTLER: *Problems of Industry in the East. With Special Reference to India, French India, Ceylon, Malaya and the Netherlands Indies* (I.L.O. Studies and Reports, Series B, No. 29, Geneva, 1938), p. 16.



a result of the autonomy accorded to them under the new Constitution, and little more than the task of co-ordination was left to the Centre.<sup>1</sup>

With the intensification of the war effort, a modification of the trend became evident. Measures were adopted to enable the Centre to control the situation. In January 1942, the Government of India by a Notification added Rule 81A to the Defence of India Rules in order to restrain strikes and lockouts. The Rule empowered the Government to make general or, to suit local requirements, special Orders to prohibit strikes or lockouts, to refer any dispute for conciliation or adjudication, to require employers to observe such terms and conditions of employment as might be specified and to enforce the decisions of adjudicators. In May of the same year, another Notification was issued vesting much the same powers in the provincial Governments, and in August an Order was promulgated prohibiting strikes and lockouts without fourteen days' previous notice. Strikes and lockouts were also prohibited when a trade dispute was referred to a statutory enquiry or for conciliation or adjudication, during the entire period of the proceedings and for two months thereafter. In April 1943, the Defence of India Rules were further amended and concerted cessation of work or refusal to work by a body of persons in a place of work, unless it was in furtherance of a trade dispute with which they were directly connected, was prohibited. Provincial Governments were empowered to take all necessary measures to prevent such cessation of work in establishments in which 100 or more persons were employed and to open and work all such establishments which had been closed down for reasons other than those relating to a trade dispute in them.

In the province of Bombay, where the textile industry is still largely concentrated, the Industrial Disputes Act (Act XXV of 1938) was amended in 1941. The main object of the 1938 Act, which applied to the cotton textile industry throughout the province and the silk and woollen textile industries in specified areas, was to make provision for the promotion of the peaceful and amicable settlement of industrial disputes. To this end the Act set up a machinery for the arbitration of disputes in which both parties agreed to arbitration. The amendment (Act X of 1941) made arbitration compulsory in certain cases as a war measure and empowered the Government to refer to arbitration any dispute which, in its view, might lead to serious disorder or breach of public peace, or cause considerable or prolonged hardship to a large section of the community, or affect the industry adversely.

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<sup>1</sup> For a discussion of this question, see Sir Atul C. CHATTERJEE, *loc. cit.*



The efforts of the Central Government were not, however, confined to preventive action. In order to facilitate the necessary consultation for the co-ordination of labour policy, a conference of representatives of the Central and many of the provincial departments of labour as well as representatives of the authorities responsible for the administration of labour laws in some of the industrially more important Indian States was held in 1940 under the auspices of the Government of India. A similar conference was held in the following year, and previous to that conference, the Member in charge of Labour in the Viceroy's Council—the Labour Department of the Government of India was made the main responsibility of a Member of Council in that year—summoned a meeting of representatives of employers and workers to elicit their views on the Government's proposals in respect of the items on the agenda. Early in 1942 a third conference, which was more fully representative of the provinces and States than the previous ones, was held, when the chairman suggested the desirability of holding joint meetings of Government, employers' and workers' representatives. The suggestion was accepted and in August of the same year a tripartite labour organisation, modelled on the Constitution of the International Labour Organisation, was established.

The organisation consists of a Standing Committee and the plenary Conference, over both of which the Member in charge of Labour in the Viceroy's Council presides. The Committee, which meets not less than twice a year, consists of ten Government, and five employers' and five workers' representatives. The ten Government representatives consist of one representative of the Central Government (in addition to the chairman), one each of the industrially more important provinces of Bengal, Bombay, and the United Provinces, three of the remaining eight provinces, and three of the Indian States, including one of the Chamber of Princes. The function of the Committee is to consider questions referred to it by the plenary Conference or the Central Government.

The plenary Conference, which meets at least once a year, consists of twenty-two Government representatives (excluding the chairman), and eleven employers' and eleven workers' representatives. The Government representatives consist of three representing the Central Government, including one for minor administrations, eleven representing the provinces, six the industrially more important Indian States, and two the Chamber of Princes for the other States. Of the employers' representatives, eight are nominated by the Government in agreement with the two main employers' organisations—the Employers' Federation of India and the All-India Organisation of Industrial

Employers—while the remaining three are reserved for the representation of other classes of employers. In the case of the workers' representatives, eight are likewise nominated in agreement with the two main workers' organisations—the All-India Trade Union Congress and the Indian Federation of Labour—while the remaining three are reserved for the representation of other workers' interests.

The functions of the organisation are advisory in character. All current proposals for labour legislation and the promotion of labour welfare, including, in particular, ways and means for the enhancement of wartime industrial production, have been placed before it. The organisation, however, is still in an experimental stage, and proposals for modifying its constitution and procedure are under consideration.<sup>1</sup>

The Central Government also appointed in 1942 a Welfare Adviser in the Labour Department and seven assistants for industrial areas in different parts of the country. A woman assistant to deal with problems connected with female labour was appointed in 1944. These officers, whose jurisdiction was confined to mines, oil fields, federal railways, major ports and industrial establishments owned or managed by the Central Government, were charged with the special duty of the promotion of industrial relations by the removal, as far as possible, of causes of friction between employers and workers, the organisation of shops for the sale to workers of grain at concession rates and the provision of other amenities, the provision of assistance in the development of the trade union movement and the supply of prompt information on the industrial situation in their respective areas in order that speedy action might be taken to redress grievances.

Early in 1945, separate machinery was, moreover, set up by the Government for the especial purpose of the promotion of industrial relations in undertakings over which the Centre had direct jurisdiction (federal railways, mines, oil fields, major ports and other industrial establishments owned or controlled by the Government of India). The organisation consists of the Chief Labour Commissioner and the Deputy Labour Commissioner with headquarters at New Delhi, three regional commissioners with headquarters at Bombay, Calcutta and Lahore respectively, nine conciliation officers and twenty-three labour inspectors located at various centres throughout the country. The labour welfare organisation to which reference was made above has been merged in the new organisation, which will deal with industrial relations, conciliation of labour

<sup>1</sup> Cf. *International Labour Review*, Vol. XLIII, No. 1, Jan. 1943, pp. 1-21: "The Institution of a Tripartite Labour Organisation in India: The Influence of the I.L.O."

disputes, administration of labour legislation in so far as such administration is the responsibility of the Central Government and no other machinery has been set up for the discharge of special responsibilities, the collection of information on wages and other labour matters, and the promotion of industrial relations generally.

As a result of these and other measures, the promotion of labour welfare in wartime mainly took the form of the provision of assistance to workers by the establishment of shops for the sale, at concession rates, of food grains, cloth and other essential goods, as well as canteens and restaurants, at or near the workplaces. In some cases, as in Bombay City, milk was supplied free of cost to workers' children at welfare centres. Not only did the Central Government provide these various amenities for its own very large number of wartime employees, but it also recommended to private employers to make similar provision, particularly in view of the considerable wartime rise in prices.<sup>1</sup> Many of these employers responded to the Governments' proposals and some of them made these arrangements at an early stage in the war on their own account as a contribution to the war effort. Steps were also taken to explain to the workers the need to maintain war production unimpaired, and in a large number of cases individual or local grievances were informally taken up with the management by the welfare advisers and promptly redressed.

In India, perhaps even more than in other countries, coal mining presented special problems. Even in normal times there was a dearth of labour in the mines, as such labour was largely recruited from among the aboriginal peoples of the Central Provinces and Bihar, who are primarily agriculturists and take to mining only as a supplementary source of income. With the increased demand for coal for wartime industrial production, there was a proportionate increase in the demand for labour for the mines. But other wartime occupations in the neighbouring areas were more attractive, either because of their less arduous character or because of the higher remuneration offered. There was, therefore, a special need to increase the amenities provided for miners, and in order to promote the welfare of coal miners the Coal Mines Labour Welfare Ordinance (Ordinance No. VII of 1944) was promulgated by the Central Government on 31 January 1944. The Ordinance, which extended to the whole of British India and came into effect on the date of promulgation, provided for the establishment of a fund to finance welfare activities. The fund was to be made up of a levy or cess by the Central Government at a rate (not less than one anna and

<sup>1</sup> See also "Labour Welfare in India", in *International Labour Review*, Vol. LIII, Nos. 1-2, Jan.-Feb., pp. 103-106.

not more than four annas a ton) to be fixed from time to time. The activities to be financed by the fund, which were specified in the Ordinance, consisted of the building or improvement of housing and the provision of water supply, facilities for washing, educational and recreational facilities, and measures for the improvement of public health, sanitation and the standard of living of the miners generally. An advisory committee was set up for consultation on the administration of the Ordinance, and steps were taken to supply the miners and their families with essential goods, including materials for the construction of huts. The Central Government also appointed a Coal Miners' Welfare Commission with headquarters in the mining area.

The total number of strikes in 1939 in British India was 406 (including 14 in progress at the end of the previous year), the highest figure on record in 20 years. The total number of workers involved was 409,189 and the total number of working days lost 4,992,795. In 1944, when employment had expanded as a result of the war, although the total number of disputes (including 13 in progress at the end of the previous year) was 658 and the total number of workers involved 550,015, the total number of man-days lost was only 3,447,306.

Finally, it may be noted that the membership of the trade unions registered under the Trade Unions Act, 1926, rose from 399,159 in 1938-39 to 685,299 in 1942-43, the highest figure recorded since 1927-28. In 1943-44 the membership, exclusive of Bengal and the Punjab, was 382,183, but the estimated total membership, including these two provinces, was 564,968. These figures do not, however, take account of unregistered trade unions, whose strength is considerable. In Bombay, for instance, on 1 December 1942 the membership of registered unions was 155,782 and that of unregistered unions 29,574. The wartime increase in trade union membership was mainly confined to the textile, engineering and miscellaneous industries and municipal employees and dock and port trust workers. In addition to the All-India Trade Union Congress, a new trade union organisation, the Indian Federation of Labour, was founded during the war. A large measure of support was accorded by the trade unions generally to the Allied war aim of the destruction of fascism. The rapidly rising cost of living, however, called for concerted action to secure some adjustment in their earnings. The need for such efforts and the expansion of employment no doubt account for the wartime increase in trade union membership.<sup>1</sup>

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<sup>1</sup> See also "Wartime Developments in Trade Union Organisation in India", in *International Labour Review*, Vol. LIII, Nos. 5-6, May-June 1946, pp. 349-363.

## VI

### Conditions of Work

Hours of work in perennial factories (or factories working for over 180 days in the year) covered by the Factories Act, which were fixed at sixty in the week following the adoption of the Washington Hours Convention of 1919, were reduced to fifty-four in 1935, when the Act as amended and consolidated in the previous year came into force. In India as elsewhere, the war led to relaxation of the provisions concerning the hours of work. Early in the war, on account of the urgent need to increase textile production and at the instance of the Central Government, the provincial Governments issued notifications authorising the textile factories to work up to sixty hours a week as an emergency measure. The workers were, however, required to be paid overtime for the additional six hours at the rate of one and a quarter times the normal wage. The duration of the validity of this exemption was in the first instance limited to six months, but was subsequently prolonged to the entire period of the war.

Moreover, many of the provincial Governments, which have concurrent powers of factory legislation with the Centre and are wholly responsible for the administration of such legislation under the present Constitution, also authorised, of their own accord, the prolongation of hours of work for the duration of the war. The exemption was authorised in respect of specified industries or establishments, and in all cases maximum limits to the hours of work as well as minimum requirements in respect of rest periods were prescribed. The payment of overtime for the additional hours of work was also made obligatory.

As a result of action taken during the war years, all class I Railways in British India are now under statutory obligation to observe the 1930 Hours of Employment Regulations, which, in the main, regulate the hours of work of railway servants, the grant of compensatory periods of rest to them and the payment of overtime allowance when the limit of hours of work prescribed by the Regulations is exceeded in certain specified circumstances. In 1942, however, the Central Government was empowered by the Railways (Hours of Employment) Ordinance (Ordinance No. XLV of 1942) to suspend the application of the Regulations to the whole or a part of the railways for specified periods, as an emergency measure, but this power was never in fact exercised. The Ordinance provided

for the payment of overtime in the event of the suspension of the Regulations at not less than one and a half times the normal rates of wages.

Another Ordinance, No. III of 1940, promulgated by the Governor-General, added a new clause to section 7, subsection 2, of the Payment of Wages Act (Act IV of 1936), permitting deductions for the purpose of investment in war-saving schemes approved by the appropriate Government.

It may, however, be doubted if the enforcement of labour laws during the war years, with the increase in employment and the inevitable dislocation of the administration generally, was all that could be desired. Notwithstanding the lead from the Centre during this period, the administration of labour legislation, with the notable exception of that of the Mines Act and the Mines Maternity Benefit Act, 1941, was a provincial responsibility. Even before the war provincial factory inspectors complained of the inadequacy of the staff for the satisfactory fulfilment of the duties assigned to them. The reports, for instance, of the Chief Inspectors of Factories for Bombay and Bengal for 1937 and 1938 respectively, clearly showed that the administration of labour laws admitted of a great deal of improvement. Sir Atul Chatterjee, in an appraisal of the progress of labour legislation since the enforcement of the new Constitution in 1937, observed: "Altogether one cannot resist the conclusion that, though there has been commendable progress in factory legislation in British India, there has been no corresponding improvement in the administration of the laws."<sup>1</sup>

An instance of the wartime relaxation of established standards, which was much remarked both in India and abroad, was the Government of India's decision in 1943 to exempt, as an emergency measure, coal mines in certain provinces (Central Provinces and Berar, Bengal, Bihar, Orissa) from the prohibition of the employment of women on underground work in mines. In 1935 the International Labour Conference adopted the Underground Work (Women) Convention, which provides that, subject to certain specified exceptions, no female, whatever her age, shall be employed on underground work in any mine. The Convention was ratified by India in 1938 after regulations to give effect to its provisions had been issued by the Governor-General in Council in the previous year.

The representative of the Government of India on the Governing Body of the International Labour Office, in a letter dated 18 January 1944 to the Director of the Office, explained that the Government had, with the utmost regret, found it necessary as a

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<sup>1</sup> Sir Atul C. CHATTERJEE, *loc. cit.*, p. 436.

temporary measure to remove the prohibition in respect of coal mines in certain provinces. For the maintenance of Indian war production, and to prevent railway communications being interrupted, adequate supplies of coal were absolutely vital. In recent months coal production in India had seriously fallen, and one of the chief reasons for this was that mine workers, who were agriculturists and who worked in the mines intermittently, tended to drift away from the coalfields. They liked to have their women-folk alongside them, and during the period of food scarcity they tended to return to their villages out of anxiety for their families. They were also attracted by other well-paid employment in military works, etc., which was open to husbands and wives together. The reintroduction of female labour in the coalfields underground would have a double effect. First, it increased the labour forces available, the women working as loaders and thus releasing more men for coal cutting. Secondly, it acted as a stabilising factor counteracting the tendency of labour to move to other employment. No alternative measure was likely to produce the immediate results which were regarded as imperatively required.

In announcing the decision, the Government had, however, made it clear that it had lifted the ban on the employment of women on work underground with great reluctance, and that it would reimpose it as soon as the present emergency was over. The Government's intention was to review the position after six months. The conditions attached to the lifting of the ban were: all women employed underground would be paid the same rates of wages as men on similar work; no women would be employed underground in galleries less than six feet in height; women working underground would draw the same rations as men; and every woman employed underground would be supplied with milk free of cost on the completion of an underground shift. The Government was furthermore accompanying its decision by steps for the general betterment of conditions in the coalfields. The owners were being required to make grain rations available at concession rates; cash wages and allowances to meet the higher cost of living had been improved, and the rates in the majority of collieries were 50 per cent. above those prevailing before the war; an increase in the supply of consumer goods in the collieries had been made; Government labour welfare officers, including one woman, were being employed, and an Ordinance had been made imposing a welfare cess on coal despatched, the proceeds of which would be devoted to improvements in public health measures, education and general amenities, including motor transport for workers. Measures were



also under consideration to reduce the competition for labour from defence works, and to improve production in other ways.

In accordance with the policy set out in this letter, the recruitment of labour within certain specified colliery districts, otherwise than in accordance with licences issued for the purpose for employment on works outside those districts, was prohibited with a view to conserving the supply of colliery labour. Furthermore, in April 1945, the Mines Maternity Benefit Act, 1941, was amended (by Act No. X of 1945) in order to afford greater protection to women workers employed in mines. Under the original Act, the employment in mines of women workers was prohibited for four weeks after delivery and they were also entitled to receive maternity benefit for four weeks before and four weeks after delivery at the rate of 8 annas a day. The amending Act extended the prohibition from four weeks to twenty-six weeks after confinement in the case of women working underground. Moreover, during an additional period of ten weeks, employment underground was permissible for more than four hours a day only if a crèche was provided at the mine, and for not more than four hours at a stretch in any case. The employer had also to pay maternity benefit at 6 rupees a week for ten weeks preceding, and six weeks following the delivery in the case of women who had worked below ground in a mine or mines of the same owner for not less than ninety days in all during a period not exceeding six months immediately preceding the date on which the mine owner or manager was informed that she was likely to be delivered of a child within ten weeks. The rate of benefit in the case of other women workers was also increased from 8 to 12 annas a day, and women doctors had to be provided to examine women workers.

There was a great deal of controversy in the country over the removal of the prohibition of the employment of women on underground work. The ban was rightly regarded as one of those standards which could not be infringed without detriment to national prestige and the violation of which could not be justified solely on grounds of expediency. On the other hand, the miners presented a special problem. The engagement in the same pursuits of members of a family in common appears to be a social tradition with them, which they are reluctant to abandon. The fact of the matter seems to be that in India the miners (as indeed a large part of the industrial workers), are still essentially agriculturists who are interested in the cultivation of their land and resort to mining as an incidental source of supplementary gain. Neither is this income sufficiently large, nor are the housing and other conditions of life in mining areas attractive enough to draw the miners away



from the land. They are, too, for the most part untrained, unskilled and illiterate, with little appreciation as yet of better ways of life. The remedy in this case, as in so many others where Indian labour is concerned, is the pursuance over a long period of a firm policy for the removal of illiteracy and the improvement of living standards by the encouragement of craftsmanship and the team spirit, the provision of opportunities for ample and varied employment and the building up of a system of social security at a higher level more in accordance with modern notions of individual rights and social justice.

It must be added in this connection that shortly after the surrender of Japan the Government of India issued a Notification to the effect that the ban on the employment of women on underground work would be reimposed with effect from 1 February 1946.

Seamen are another category of workers who were much affected by the war. Large numbers of Indian seamen are employed not only on ships engaged in Indian coastal traffic but also on ocean-going vessels belonging to British and foreign companies. On the occasion of the opening of a club for Indian seamen at Liverpool in 1942, the then Parliamentary Under-Secretary for India remarked that a quarter of the whole personnel of the British merchant navy was made up of Indian seamen, and he stressed the need for providing them with all possible amenities. Before the war their conditions of work were markedly inferior to those of seamen of other nationalities, and the responsibility for their welfare at various ports in India and abroad rested entirely with the ship-owners and certain voluntary organisations. With the exception of a home in Bombay, there were few welfare facilities available for Indian seamen in India, while the amenities provided for them abroad were most scanty. There was an appreciable improvement in the situation during the war. A Welfare Directorate, with a Central Advisory Board, consisting of representatives of Government departments and the representative in India of the United Kingdom Ministry of War Transport, attached to it, was set up in the Department of Commerce of the Central Government, for the planning and provision of amenities and welfare facilities for merchant seamen in all parts of the country. Eight welfare officers, of whom three were exclusively assigned to Indian seamen, were appointed at Calcutta, Bombay, Cochin and Vizagapatam. At all these ports and at Karachi and Chittagong, homes or hostels or clubs for seamen were organised. Similar organisations were also established in London, Liverpool and Glasgow, as well as in New York, Durban, Cape Town, Port Elizabeth, Mombasa,

Freemantle and Colombo. Three welfare officers and two assistants for the care of Indian seamen were appointed in the United Kingdom under the administrative control of the High Commissioner for India in London. Some of the organisations mentioned were started by British or Allied voluntary associations for the promotion of the welfare of seafarers generally, and it is notable that in one instance the establishment of a hostel for Indian seamen was made possible by a large donation received for that purpose from an important American workers' organisation. Liberal contributions for the provision of amenities to Indian seamen were also made from the Viceroy's War Purposes Fund.

Another measure adopted in India during the war for the protection of seamen was the Indian Merchant Shipping (Emergency Life-Saving Appliances) Order, 1943 (supplementing the Indian Merchant (Life-Saving Appliances) Rules, 1934), applicable to all passenger ships, except home-trade wooden sailing ships of primitive build, and to foreign-going and home-trade steamships not certified to carry passengers. The Order was designed to bring the rules applicable in the field of life-saving appliances up to the standards generally adopted in wartime for the principal merchant marines of the world, on the basis of actual experience.

The Indian Merchant Shipping Act (of 1923) was amended (by Act II of 1942) in order to extend the application of the United Kingdom Compensation to Seamen (War Damage to Effects) Scheme, 1939, to Indian seamen employed on British ships registered in India. In addition, the Government of India instituted a separate but similar scheme—the Indian Seamen (War Damage to Effects) Scheme, 1942—applicable to the personnel of ships registered under the Indian Registration of Ships Act (of 1841) or the Bombay Coasting Vessels Act (of 1838). In consequence of these measures the masters of ships registered in British India and the members of their crews who sustained war damage to their effects were entitled to compensation from the State. The amount of compensation payable for war damage to a seaman's effects under the Indian scheme was 40 rupees in the case of a seaman of a rank lower than a *tindal*, and in other cases 50 rupees, or a month's wages, whichever was more. Provision was made at the same time to prevent the possibility of overlapping claims being made under the two schemes for compensation for the same loss.

Provision was likewise made for the payment of compensation and pensions to Indian seamen who had sustained war injuries or were detained by the enemy, under the United Kingdom Personal Injuries (Emergency Provisions) Act, 1939, and War Pensions and Detention Allowances (Indian Seamen) Scheme, 1941, as well as

under the Indian War Pensions and Detention Allowances (Indian Seamen) Scheme, 1942. Seamen were divided into four categories under the United Kingdom scheme and into five under the Indian scheme, according to their wages. The rate of compensation for disablement was determined by the category to which the seamen belonged and by the severity of the disablement. Provision was made for the award of a special allowance to the seaman and his wife in the event of need in cases in which the right to, or rate of, compensation could not be readily determined and, in the event of the seaman's death, for the payment of children's allowances and widows' or dependants' pensions. Special awards and allowances were also provided for, but all payments were conditional on the war injury or detention not being caused by the negligence of the seaman. Claims for compensation in the case of injury or detention could, of course, be made only under either the United Kingdom or the Indian scheme, and amendments were made in 1939 and 1942 to the Indian Workmen's Compensation Act to prevent applicants for benefits under one or the other of these schemes from claiming compensation under the Act as well.

The Government of Bengal, it may be added, took steps in 1941 to bring under control the seamen's lodging houses in Calcutta, and in order to enable inspections to be made of such houses and the conditions therein to be regulated, required the proprietors to take out licences. Amendments, designed to bring all these lodging houses, regardless of whether they provided boarding or not, were made in 1943 to the Calcutta Police Act and the Calcutta Suburban Police Act (of 1866).

Relief for war injuries to workers employed in factories or other industrial establishments was provided under a scheme which the Central Government was empowered in 1941 to draw up by the War Injuries Ordinance (Ordinance No. VII of 1941). The Ordinance was amended in the following year (by Ordinance No. I of 1942). This latter Ordinance, which applied to the whole of British India and to British subjects and servants of the Crown in any part of the country, enabled the Central and provincial Governments to require dispensaries and hospitals to treat all persons over the age of fifteen years in employment who had sustained war injuries, including civil defence volunteers who were injured in the discharge of their duties as such volunteers. Provision was also made for the payment of allowances and pensions to the injured persons and to the dependants of those in whose case the injuries had proved fatal.

The rates of benefits in the case of an adult male, for instance, were: 13½ rupees a month for a period not exceeding six months

for temporary injuries; the same rate in the case of total disablement and proportionately reduced rates for partial disablement. Pensions were also provided for the families of persons who had sustained fatal injuries, at the rate of 8 rupees a month, in addition to a children's allowance at the rate of 2 rupees a month for every male child under fifteen years of age and every unmarried female child under sixteen years of age. The rates of allowances and pensions for women were two fifths of the rates for adult males, and the rates for persons under eighteen years of age three fourths of the rate of adults. Pensions were reduced by 20 per cent. while the beneficiaries were under treatment in a hospital, and deductions were authorised in cases in which the beneficiaries declined to undergo the necessary medical or surgical treatment. The scales were higher in the case of civil defence volunteers, and the entire cost of the scheme was borne by the Central Government.

The payment of compensation for war injuries was explicitly excluded from the scope of the War Injuries Ordinance. While the provisions of the latter Ordinance were adequate for persons receiving up to about 24 rupees a month, they were hardly satisfactory to those receiving higher wages. In order to provide for compensation for war injuries, the War Injuries (Compensation Insurance) Act (Act XXIII of 1943) was subsequently passed. The Act imposed an obligation on employers of labour engaged in specified essential services or industrial, mining, transport, or other undertakings to pay compensation to their workers for war injuries. The amount of compensation payable was the difference between the extent of the relief prescribed under the War Injuries Ordinance and what would be payable under the Workmen's Compensation Act had the Act been applicable to war injuries. Provision was also made for the compulsory insurance with the Central Government of the undertakings concerned, as these undertakings were themselves liable to war risks against which few private companies were prepared to insure them. The Act was applicable to the whole of British India and to Indian States desirous of being included in the scheme and making the necessary arrangements.

The foregoing account of the wartime regulation of conditions of work would hardly be complete unless some mention was also made of measures of a more permanent character which found their way into the Statute Book during the war. Since the end of the First World War, the Central and provincial Governments have had before them a fairly extensive programme of labour legislation, as a result in part of industrial development and in part of the

increasing demand for the improvement of labour conditions. The war did not prove a deterrent to the continuance of the process.

The Indian Factories Act was amended by the Central Government in 1940, 1941, 1944 and 1945. The 1941 and 1944 amendments were more or less of a formal character. The 1940 and 1945 amendments, on the other hand, introduced substantial changes in the legislation. The 1934 Act was applicable only to establishments employing on an average at least twenty persons a day. The 1940 amendment (Act XVII of 1940) aimed at the prevention of the employment of children in unhealthy or dangerous conditions in smaller factories. It extended the provisions of the Factories Act, dealing with health and safety, children, and registration of factories, to establishments employing not less than ten persons, if these latter included juveniles. In addition, it authorised the provincial Governments to apply these provisions to establishments using power, in which juveniles were employed, even if the average daily number of workers engaged was less than ten. The 1945 amendment (Act III of 1945) provided for the grant of ten paid annual holidays to adult workers, and fourteen to child workers (twelve to fifteen years of age), with the possibility of accumulating the holidays over a period of two years.

The Governments of the Central Provinces (by Act XXXVI of 1939) and of the Punjab (by Act VII of 1940) also amended the Factories Act<sup>1</sup> in order to require a fee in respect of the registration of factories for the purpose of defraying the expenditure on the factories inspectorate. The Punjab Act, in addition, prohibited the unauthorised establishment of new factories or the enlargement of existing factories for the manufacture of certain specified articles, as a means of regulating industrial development in the province. An amendment was introduced in Madras (Act VI of 1941) in order to restrict the medical examination of adolescents (persons fifteen to seventeen years of age) and children (persons under twelve years of age) for ascertaining their fitness for employment to cases in which the demand for such labour was assured.

As was remarked by the Royal Commission on Labour, the conditions of work in the numerous smaller workshops in the country, including those in which *bidis* (an indigenous brand of cigarettes) are made, are far from being satisfactory. In the Central Provinces, legislation was passed in 1937 to bring these workshops under control. As a further step in that direction, in 1941, the Government drew up model by-laws, under the Central Provinces and Berar Municipalities Act, for the regulation of

<sup>1</sup> The provincial Governments are responsible for the administration of the Act, and have rule-making powers and powers to regulate inspection.

conditions in *bidi* factories. These by-laws, which it was expected the municipal and other local bodies in the province would adopt, required the *bidi* factories to be licensed and one of the conditions prescribed for the grant of a licence was the establishment of the factory in healthy surroundings and with satisfactory sanitary fittings.

The Indian Mines Act was amended in 1940. The amendment (Act XXIV of 1940) required the owner of a coal mine to pay the salaries and wages of the manager and the supervisory staff, and its purpose was to ensure that the supervisory staff, which would have to take the necessary measures for the safety of the miners, would be directly responsible to the owner. As a rule, it was the contractors who worked the coal mines, and they were interested only in the output. If the supervisory staff depended on them, it could hardly be expected to manifest the requisite care in respect of safety measures. Amendments of a minor character, calculated to reinforce the safety measures in coal mines, were also made in 1940, 1942 and 1944 to the Coal Mines Safety (Stowing) Act, 1939.

Some headway was made in the introduction of shops legislation. The Bombay Shops and Establishments Act (Act XXIV of 1939), the Punjab Trade Employees Act (Act X of 1940), the Bengal Shops and Establishments Act (Act XVI of 1940), and the Sind Shops and Establishments Act (Act XVIII of 1940) were all instances of attempts to break fresh ground in the field of labour legislation. The precise nature of the provisions varied from province to province, but in general they covered such matters as the minimum age of admission to employment in commercial establishments, hours of work, weekly rest and annual holidays. The Government of India, for its part, consulted the provinces on the need for central legislation on the subject. As a result of the discussion, the Weekly Holidays Act (Act XVIII of 1942) was passed. The Act, which applied to the whole of British India, but could be put into operation only if and when the provincial Government so desired, provided for the closing of shops, commercial establishments, restaurants and theatres for one day in the week. Provincial Governments were empowered to add a half-day, and the weekly holidays were to be paid holidays.

Reference has been made above to certain amendments to the Workmen's Compensation Act made in consequence of the adoption of schemes to provide compensation for war risks to Indian industrial workers and seamen. The only other amendment of some importance made during the war to the workmen's compensation legislation was the Workmen's Compensation (Bengal Amendment) Act (Act VI of 1942), containing provisions, on the lines of the

British Act, relating to the practical application of the measure, including particulars about the assessment of the disability and its origin and duration, for the guidance of the Workmen's Compensation Commissioner.

The most notable advance made in wartime with regard to the provision of maternity benefits was constituted by the Mines Maternity Benefit Act (Act XIX of 1941). The Act, which came into force in December 1942, was the first instance of a central measure dealing with maternity benefits. It was amended in 1943 (by Act XVIII of 1943) with a view to removing certain ambiguities in the wording of the provisions, and in 1945 (by Act X of 1945), as has been remarked above, in order to extend the benefits to women employed on underground work in mines. In May 1945 an Ordinance was issued enabling the Government to require the mines in which women were employed to provide crèches. The provincial additions to the legislation consisted of the Punjab Maternity Benefit Act in 1943 (Act VI of 1943), and the Assam Maternity Benefit Act in 1944 (Act I of 1944).<sup>1</sup>

Various measures of less importance for the improvement of conditions of work were also adopted by the provinces, and, at the time of writing, the Central as well as provincial Governments have numerous proposals at different stages of consideration. Among these proposals, a scheme drawn up at the instance of the Central Government for the institution of a system of health insurance for industrial workers may be mentioned. The scheme, as at first put forward, was confined to the more skilled trades. Two officials of the International Labour Office, who visited India at the invitation of the Government, to advise on the matter, however, suggested the extension of the scope to all perennial factories covered by the Factories Act, and the insurance of the risks of sickness, childbirth and employment injury under a single scheme, in the interests of economy and administrative efficiency. The Central Government referred the proposed scheme, as amended in the light of these suggestions, to the provincial Governments and to representatives of employers' and workers' organisations for their views. Subsequently, another official of the International Labour Office was also deputed to India to assist the Government in the preparation of a scheme of health insurance for Indian seamen. It is hoped that it may be possible, without undue delay,

<sup>1</sup> For an account of labour legislation in India, see I.L.O.: *Industrial Labour in India* (Studies and Reports, Series A, No. 41, Geneva, 1938); see also, *Bulletins of Indian Industries and Labour*, No. 74: *Labour Legislation in India since 1937* (Delhi, 1945). An appreciation of the effect of the decisions of the International Labour Conference on the evolution of Indian labour legislation will be found in P. P. PILLAI: *India and the International Labour Organisation* (Patna University, 1931).



to undertake the necessary legislation to bring these schemes into operation. The long series of labour measures initiated in India largely as a result of the impetus provided by the war of 1914-1918 contain a conspicuous gap in as much as little has been done in respect of social insurance properly so called. The difficulties are, of course, considerable, but a beginning has to be made, for a country of the industrial importance of India cannot for long continue to be an exception to the general rule in most countries of building up a suitable system of social security for their workers.

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## VII

### The Remuneration of the Worker

The average earnings of workers covered by the Payment of Wages Act, for the four years 1939, 1940, 1941 and 1943, are given below. The corresponding figures for 1942 were not published because the abnormal emergency conditions produced wide fluctuations that year. The Payment of Wages Act, it must be added, applies to all workers in organised industry receiving less than 200 rupees a month, whether employed directly in the manufacturing process or engaged in incidental work, including clerical work.

AVERAGE ANNUAL EARNINGS PER WORKER IN DIFFERENT  
BRANCHES OF ORGANISED INDUSTRY, FOR THE FOUR YEARS,  
1939, 1940, 1941 AND 1943  
(Rupees)

Industry	1939 <sup>1</sup>	1940	1941	1943
Textiles	293.6	302.9	314.0	571.2
Engineering	312.1	345.0	371.5	529.0
Minerals and metals	462.8	491.5	476.1	502.7
Chemicals and dyes	246.2	229.6	238.1	398.8
Paper and printing	332.6	360.3	324.8	413.4
Wood, stone and glass	193.8	175.3	199.1	303.0
Skins and hides	290.3	327.1	357.9	410.7
Ordnance factories	361.9	408.5	429.4	527.4
Mints	367.4	462.7	491.2	574.4
Miscellaneous	282.8	261.0	261.2	392.0

Source: *Indian Labour Gazette*, Vol. I, No. 6, Dec. 1943, and No. 11, May 1944; Vol. II, No. 10, Apr. 1945.

<sup>1</sup> Exclusive of figures for Assam.

The above returns included cost-of-living bonuses and other allowances in cash, but not such benefits as the sale of foodstuffs at concession rates or housing. The rates of wages and allowances differed widely not only between one industry and another, but even between one factory and another in the same region. The figures should not, therefore, be regarded as indicative of actual individual earnings.

The average annual earnings per worker for all industries increased from 1939 to 1940 by about 3 per cent., and from 1939 to 1941 by about 6.3 per cent. The increase from 1939 to 1943, however, was nearly 83 per cent. Compared with 1939, in 1941 the average annual earnings per worker declined in the chemicals

and dyes, paper and printing, and miscellaneous industries, but increased in all others, more especially mints, ordnance factories and the mineral and metal industries; while in 1943, the increase was largest in textiles, followed by engineering and mints. In 1943, moreover, the average earnings per worker in the ordnance factories were almost as large as in the engineering industry, and they were lowest in the wood, stone and glass manufactures. Although the wartime increase in earnings was as a rule confined to industries employing a high proportion of skilled labour or producing goods in urgent demand, the variations were largely determined by the differential basic wage rates and the differences in the rates of the cost-of-living and war bonuses.

In order to consider the effect of the war on real wages, it is, however, necessary to take into account the wartime rise in prices. The changes in the index number of wholesale prices for the whole country, by groups of commodities, from August 1939 to March 1945 are shown below (annual averages).

INDEX NUMBERS OF WHOLESALE PRICES BY GROUPS OF  
COMMODITIES, 1939-40 TO 1944-45  
(Base: Week ended 19 August 1939 = 100)

Commodity group	1939-40 <sup>1</sup>	1940-41	1941-42	1942-43	1943-44	1944-45
General index	125.6	114.8	137.0	171.0	236.5	244.2
Agricultural commodities <sup>2</sup>	127.5	108.6	124.2	166.2	268.7	265.4
Raw materials <sup>3</sup>	118.8	121.5	146.9	165.9	185.0	206.0
Manufactured articles <sup>4</sup>	131.5	119.8	154.5	190.4	251.7	258.3
Sugar	121.0	100.0	102.0	127.0	146.0	158.0
Kerosene	109.0	122.0	138.0	185.0	186.0	176.0
Cotton manufactures	117.0	118.0	173.0	292.0	422.0	293.0

Source: RESERVE BANK OF INDIA: *Report on Currency and Finance for the year 1944-45* (Bombay, 1945), Statement II, p. 100.

<sup>1</sup> For seven months ended March 1940. <sup>2</sup> Rice, wheat, tea, groundnuts, coffee, sugar, tobacco, copra, cotton (raw), jute (raw) and linseed. <sup>3</sup> Pig iron, coal, lac, wool (raw), hides and skins (raw), kerosene and petrol. <sup>4</sup> Cotton manufactures, jute manufactures, cement, galvanised corrugated sheets and leather.

There was a considerable rise in the prices of all commodities during the first few months of the war, stimulated probably by a speculative accumulation of stocks in the expectation of a continued rise in prices. A recession, however, followed as a result of the lull in active military operations, and the indices for "food and tobacco" and "other agricultural commodities" (19 August

1939=100) fell from 117.9 and 151.5 respectively in March 1940 to 103.8 and 98.2 respectively in August of the same year. Since then the prices of all commodities have risen, although it was not until after 1941-42 that the prices of agricultural commodities reached the December 1939 level. By June 1943 the general index of wholesale prices for the whole country had risen by over 50 per cent., as compared with June 1942. Although the increase was more or less uniformly distributed over the price levels of primary commodities as a whole and of manufactured articles, there were considerable variations in the prices of different commodities. The rise in the case of food and tobacco and of other agricultural commodities, which was especially pronounced, was 87 per cent. and 79 per cent. respectively, as against 8 per cent. only in that of raw materials.<sup>1</sup>

Prices in different parts of the country showed large variations as a result of difficulties of transportation and local differences in respect of supplies and purchasing power. During the eleven months ending May 1943, for instance, while the index number of wholesale prices for the whole country (compiled by the Economic Adviser to the Government of India) showed an increase of 50 per cent., the corresponding increase in the case of Calcutta was 79 per cent. The general index of wholesale prices in Calcutta (July 1914=100) averaged 96, 109, 121, 141, 187, 311 and 302, respectively, during the seven years 1938 to 1944. The highest levels during this period were reached in the summer and autumn of 1943. The general index of wholesale prices, which had risen from 137 in June 1941 to 182 in June 1942 (33 per cent.), advanced further to 325 in May 1943 (79 per cent. over June 1942). The indices for cereals and pulses, which were 154 and 151, respectively, in June 1942, had, however, shot up to 473 and 374, respectively, in May 1943, while, during the same period, sugar showed a smaller rise from 210 to 311, tea, after a rise in the winter months, declined from 259 to 192, and "other food articles" rose from 294 to 545.<sup>2</sup>

The upward trend of the general index for the whole country was checked after June 1943 (241.4). It fluctuated mildly around 235 till June 1944, when it began to rise again. It stood at 247.8 in March 1945. The average for 1944-45 was 244.2 as against 236.5 for 1943-44, an increase of 3 per cent. over the previous year, as compared with an increase of 38 per cent. during 1943-44 over 1942-43 and 25 per cent. during 1942-43 over 1941-42. Because

<sup>1</sup> RESERVE BANK OF INDIA: *Report on Currency & Finance for the year 1942-43*, Statement II, p. 72; *Report of the Central Board of Directors for the Year Ended the 30th June, 1943*, p. 8.

<sup>2</sup> *Idem*: *Report on Currency and Finance for the year 1944-45*, Statement I, p. 99; *Report of the Central Board of Directors*, *op. cit.*

of growing war demands and a continued increase in imports, the prices of manufactured goods rose sharply; the index for 1943-44 was 251.7, and it was 258.3 for 1944-45. The prices of cotton manufactures increased by over 400 per cent. (as compared with August 1939), and the index, which reached 505 in May 1943 and 513 in June 1943, averaged 422 during 1943-44. It fell thereafter and averaged 293 during 1944-45. The prices of industrial raw material—jute, cotton—rose less rapidly than the prices of consumers' goods, largely because of difficulties of exports and shipping.

The rise in prices was higher in India than in most of the other Allied belligerent countries. The quarterly index of average monthly wholesale prices (July 1939=100) rose from 105 in July-September 1939 to 342 in July-September 1943, and it was 299 in October-December 1944. The corresponding figures for the United Kingdom were 102, 166 and 170, for Canada, 103, 138 and 140, for the Union of South Africa, 98, 153 and 156, and for the United States, 102, 137 and 139, respectively.<sup>1</sup>

Although the changes in wholesale prices reflect the general trend of the price level, they are not a sufficient indication of the movement of retail prices and prices in local markets, which determine the cost of living of the workers. The working class cost-of-living indices which are available for a number of cities provide a clearer indication of the effects of the wartime increase in prices on the worker's income.<sup>2</sup>

It will be seen that between August 1939 and July 1944 the working class cost of living rose by 130 per cent. in Bombay, 189 per cent. in Ahmedabad, 227 per cent. in Cawnpore, 107 per cent. in Madras, and 182 per cent. in Lahore. In Calcutta, according to an unofficial estimate, the increase was even greater: between 1941 and 1944 the cost of the daily necessities of life other than textiles rose by 250 per cent.<sup>3</sup> The latest figures available at the time of writing show a declining trend generally in the cost of living from August 1944 to January 1945. However, while the workers' earnings in organised industry increased between 1939 and 1943 by approximately 85 per cent., the cost of living increased during the same period by 135 per cent. in Bombay, 218 per cent. in Ahmedabad, 214 per cent. in Cawnpore, and 207 per cent. in Lahore. It is evident, therefore, that the cost-of-living bonus paid to the workers was insufficient to enable them to maintain even their

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<sup>1</sup> *Idem: Report on Currency and Finance for the year 1944-45*, Statement II; and table 3, p. 8.

<sup>2</sup> See the table overleaf.

<sup>3</sup> *The Statesman* (Calcutta), 21 and 28 Apr. 1944.

## WORKING CLASS COST-OF-LIVING INDICES (5 CENTRES), 1939-1944

(Base: August 1939 = 100)

Date	Bombay	Ahmedabad	Cawnpore	Madras	Lahore
1939					
August	100	100	100	100	100
October	103	103	105	106	104
1940					
January	109	111	114	109	109
July	108	108	109	109	102
1941					
January	111	108	110	110	113
July	120	121	126	115	114
1942					
January	130	130	145	119	143
July	160	160	190	136	166
1943					
January	193	237	225	164	264
July	225	288	341	185	275
1944					
January	227	293	304	197	293
July	230	289	327	207	282
1945					
January	218	282	301	217	283

Source: *Indian Labour Gazette*, July 1943-May 1944 and April 1945. In Bombay the index numbers were readjusted, consequent upon the introduction of rationing in May 1943, on the basis of the purchases made by the working classes during the month in question in Government grain shops, or similar depots run by employers for the sale of grain at concession rates; similar changes in the calculation of current expenditure on cereals were made in Ahmedabad in January 1944; and in Madras, as from February 1945, the basis of calculation for the "miscellaneous group" was changed in order to take into account the increased expenditure on the items in question.

low pre-war standard of living unimpaired.<sup>1</sup> It has been remarked that the effects of the inflation were at least in part counteracted by the wartime expansion of employment and the consequent increase in the aggregate earnings of workers' families. This may well be true to some extent, although no statistical information is available by which it might be measured, but such a situation has only made it the more urgent to devise measures for the maintenance, as far as possible, of the wartime level of employment after the war.

<sup>1</sup> For instance, in Bombay and Ahmedabad, where the textile workers are reported to have received a higher rate of cost-of-living bonus than in other textile centres, the working class cost-of-living index (Aug. 1939=100) rose between Jan. 1940 and Mar. 1943 from 109 to 198 and from 111 to 237, respectively, while the monthly cost-of-living bonus to the cotton mill workers, averaged over the same period, formed only 24 per cent. and 26 per cent. respectively of their average earnings.

The inflationary trend was caused by numerous factors: the heavy war expenditure and the consequent expansion of currency, the inadequacy of civilian supplies, the difficulties in the way of the organisation of a satisfactory system of price control and rationing in so large a country with a predominantly rural economy and numerous administrative divisions, the delay in the establishment of the necessary machinery of price control and rationing and the small extent of Government borrowing and taxation. As compared with other Allied belligerent countries, such as the United Kingdom or Canada or the United States, the situation in India left much to be desired. The comparison is, however, hardly justified, for while more energetic action during the early period of the war to control prices might have produced less unsatisfactory results in some respects, by far the greater part of the difficulty in the organisation of the country for war was doubtless due to its undeveloped condition from the economic as well as the political point of view.

If the organisation of social security is to be actively promoted in India, it will be necessary to secure far more detailed statistical information relating to labour matters, including wages,<sup>1</sup> than has hitherto been available. All social security measures, except those of the most rudimentary kind, have for their basis precise actuarial data, which can only be derived from an adequate system of wage regulation. The war has served to demonstrate the importance of such regulation, and it is satisfactory to note that the Standing Committee of the Tripartite Labour Organisation decided, in May 1943, that the collection of wages and hours statistics should be proceeded with as a first step in the enforcement of the Industrial Statistics Act (Act XIX of 1942). The Act, which made provision for the co-ordination of labour statistics by the Central Government, applied to the whole of British India, but was to be brought into force in the provinces only when their Governments decided to do so. Earlier in the war, a similar measure—the Collection of Statistics Act (Act XXXIV of 1939)—was adopted in the Central Provinces.

It may also be noted in this connection that the Second Conference of the Tripartite Labour Organisation, which was held in September 1943, unanimously passed a resolution recommending the establishment of machinery to prepare data concerning the existing social conditions, including wages and

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<sup>1</sup> For a discussion of the factors determining wages at present in India and suggestions for the improvement of the situation, see D. R. GADGIL: *Regulations of Wages and Other Problems of Industrial Labour in India* (Poona, Gokhale Institute of Politics and Economics, 1943).

earnings, with a view to planning a policy of social security for labour. In pursuance of that resolution, the Central Government appointed a committee to make the necessary investigations<sup>1</sup> and strengthened the statistical staff of its own Labour Department in order to assist the work of the committee.

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<sup>1</sup> The Labour Investigation Committee has published in 1946 a series of reports on conditions in 38 selected industries, as follows:

Mining: coal, manganese, gold, mica, iron ore and salt;

Plantations: tea, coffee and rubber;

Factories: cotton, jute, silk, woollen, mineral oil, dockyard, engineering, cement, matches, paper, carpet weaving, coir matting, tanneries and leather goods manufacture, potteries, printing presses, glass, chemical and pharmaceutical works, shellac, *bidi*-making, mica splitting, sugar, cotton ginning and baling and rice mills;

Transport: tramways and buses and non-gazetted (lower grade) railway staff;

Other types: port labour, municipal labour, central Public Works Department and rickshaw pullers (cf. *Indian Trade Bulletin*, New Delhi, Vol. II, No. 9, 1 May 1946).

## VIII

### Wartime Evolution of Labour Policy

The wartime evolution of labour policy was authoritatively summed up by the Member for Labour of the Viceroy's Executive Council, Dr. B. R. Ambedkar, at a press conference in New Delhi in October 1942.<sup>1</sup> Pre-war legislation, he said, had dealt with three main types of questions: those covered by the Factories Acts and other similar legislation; those dealt with by the Workmen's Compensation Act and the Payment of Wages Act; and those relating to the regulation of industrial relations with which the Trade Disputes Act and the Trade Unions Act were concerned. Legislation during the war had been voluminous, but the Defence of India Rule 81 (A), the Essential Services (Maintenance) Ordinance and the National Service (Technical Personnel) Ordinance might be regarded as typical. These latter measures had imposed certain restrictions on the workers. The first required, for instance, that in all cases in which a strike was contemplated a fortnight's notice must be given. While the rule had formerly been confined to public utilities, it had been generally applied during the war. But the rule also enunciated the important principle of compulsory arbitration and of the enforcement of the arbitrator's award. Compulsory arbitration had in fact been applied up to that time in some 25 cases.

The two Ordinances mentioned debarred persons from leaving their jobs and enabled the Government to transfer a certain proportion of the labour force from one industry to another, but they also empowered the Government to prescribe wages and fair conditions of service when those restrictive provisions were applied. Many strikes had been ineffectual in the past and had brought no benefit to the workers. Such a thing could not happen under the existing legislation because of the distinct provision that if the workers wanted to go on strike, and if they formulated definite grievances, the Government was bound to refer the matter to arbitration. If the arbitrator found the demands just and proper, the Government had the power to enforce the award. That was a great advance on the chaotic conditions which prevailed previously. The other principle, the right to fair wages and fair conditions of labour, was also new. Those two principles would never be dislodged, but would be amplified and enlarged in subsequent legislation.

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<sup>1</sup> *The Statesman* (Delhi), 31 Oct. 1942; *The Leader* (Allahabad), 3 Nov. 1942.



The Government had itself opened or had caused employers to set up a number of shops at which food grains were sold at cost price to the workers, as a measure of special assistance at a time when the prices of essential commodities had risen abnormally. That step might appear to be no more than charity, but underlying it was the very important principle that the Government recognised that, next to military requirements, labour requirements should be assigned priority. The principle might not have been laid down in so many words, but the fact remained that the Government had agreed to the opening of such shops and that it had further been agreed that a portion of any loss on such shops might be charged to the Central Government. The Government had also the power to secure stocks of food grains for labour in an emergency, had undertaken to institute air-raid precaution measures both in factories under its control and in others, and had accepted the principle of the provision of relief for the higher cost of living during the war at a flat rate, instead of a rate varying with the wages. The flat rate benefited the lower paid worker.

There was also the appointment of labour welfare advisers to the Government of India. For the successful administration of welfare work, three conditions were necessary: the establishment of direct contact between the Central Government and the workers; the dissemination of information among the workers on what the Government had done for them; and the establishment of machinery by which the Central Government would be informed of the situation as soon as it became unsatisfactory, so that necessary action might be taken. The appointment of the welfare officers was a most important step.

Under the present Constitution, the Central and provincial Governments had concurrent jurisdiction in respect of labour legislation, and the administration of Central labour laws had to be left to the provinces. Wartime labour legislation had conferred new powers on the Central Government, and it was to be hoped that it might prove to be a step in securing greater control of labour matters by the Centre. The Indian Constitution had much in common with the Constitution of the United States, which was a source of many difficulties for labour as a result of the dichotomy of Federal and State powers. It had been held in the United States that the States by themselves were unable to deal fully with labour measures and that the Federal Government should come to their aid. The problem had been solved by a scheme of grants-in-aid, and the extent to which the Federal Government had by that means been able to secure control of the administration of labour

measures had been described in recent reports. It was to be hoped that it might be possible to follow a similar procedure in India.

In a subsequent talk<sup>1</sup>, which was broadcast, Dr. Ambedkar further observed that Indian labour had secured many gains during the war and would obtain many more. But Indian labour was not content with fair conditions of work, it wanted fair conditions of life as well. It wanted liberty, government by the people both in name and in fact—including the right to equal opportunity and the fullest facilities for growth for every individual according to his needs, which it was the duty of the State to provide; equality, the abolition of privileges of every kind, in law, in the civil service, in the Army, in taxation, in trade and in industry, the abolition of all processes leading to inequality; and fraternity, an all-pervading sense of human brotherhood unifying all classes and nations. The creed of Indian labour was internationalism, and nationalism was to it only a means to an end. Labour was not prepared to make a fetish of nationalism. If nationalism meant the worship of the ancient past—the discarding of everything that was not local in origin and colour—then labour could not accept nationalism as its creed. Labour could not allow the living faith of the dead to become the dead faith of the living. Labour would not allow the ever-expanding spirit of man to be strangled by the hand of the past which had no meaning for the present and no hope for the future; nor would it allow itself to be cramped by a narrow jacket of local particularism. Labour must constantly insist upon renovating the life of the people by being ever ready to borrow in order to repair, transform and recreate the body politic. The war was full of potentialities for good. It was both a war and a revolution, a revolution which demanded a fundamental change in the terms of association between man and man and nation and nation—are planning of society. In this sense it was a people's war, and, if it was not, it could and should be made into a people's war.

The Secretary to the Government of India in the Department of Labour, Mr. H. C. Prior, also commented on the labour policy of the Government in the course of a talk<sup>2</sup> which was broadcast. Indian labour, he said, held, in the words of the Constitution of the International Labour Organisation, that peace should be based on social justice. The Government had taken certain steps, and was contemplating others, calculated to help labour to work alongside of the Government and employers to achieve that end. The Government's policy in the circumstances was one which would be conducive to maximum war production and might be summed

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<sup>1</sup> *Indian Information* (New Delhi), Vol. 12, No. 107, 1 Jan. 1943.

<sup>2</sup> *Idem*, Vol. 12, No. 108, 15 Jan. 1943.

up as "full and free contact between the Government, employers and workers, steady production, and fair conditions of work for all". Such tripartite collaboration would be possible only if there was a sound trade union movement. The Indian trade union movement was not yet strong, and many of the existing trade unions had not been affiliated to the main all-India associations, but the Government recognised the importance of the development of trade unionism and was, therefore, fully committed to the encouragement of a sound trade union movement.

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Even a short descriptive sketch of wartime labour conditions in India, such as has been attempted in the foregoing pages, would seem to justify the conclusion that the Second World War imposed an immensely greater strain than the First on Indian economy. The First World War, it is true, had also led to industrial development, but it did not demonstrate as forcibly as the Second the difficulties of the organisation of food supply or labour supply in the existing conditions. It is often too readily assumed that the abundance of human resources in India is in itself a source of strength which might be turned to any desired purpose with little or no preparation. The war showed that, in the conditions in India, it was of the first importance to provide the workers with sufficient food. Both the trainees of the Labour Department's training scheme and the members of the Pioneer Civilian Corps—a formation of mainly unskilled workers for the construction of roads, bridges or aerodromes or other similar employment for the Army—had in many instances not only to be provided with training but also, as a preliminary measure, with good nourishing food and physical instruction in order to fit them for training. Furthermore, it was made clear that training for employment in the highly skilled trades in modern industry is a long and arduous process, which can hardly be improvised. Finally, it became no less evident that, notwithstanding the high praise bestowed on the Indian worker's quick adaptability to the exigencies of complicated machine manufacture<sup>1</sup>, illiteracy is a serious handicap. It may be recalled in

<sup>1</sup> A special correspondent of *The Times* (10 April 1942) in an article entitled "India's Unused Resources" observed:

There is an immense possibility for the development of training in India. Large numbers of workers can achieve a surprising mechanical dexterity in a short space of time, and in many cases develop a capacity to understand the mechanical and physical principles on which the technique is based. This is true even where, as in India, mass illiteracy remains a formidable obstacle.

A similar remark was also made by the American Grady Mission, which visited India soon after Japan's entry in the war in order to investigate the possibilities of increasing Indian wartime production.

this connection that the Report of the Royal Commission on Labour, to which reference has been made before, stated:

In India nearly the whole mass of industrial labour is illiterate, a state of affairs which is unknown in any other country of industrial importance. It is impossible to overestimate the consequences of this disability, which are obvious in wages, in health, in productivity, in organisation and in several other directions. Modern machine industry depends in a peculiar degree on education, and the attempt to build it up with an illiterate body of workers must be difficult and perilous.

Mr. Harold Butler also came to a similar conclusion at the end of his visit to the East in 1937.

It is clear, he wrote in his report, that the introduction of industrialisation is breeding the same problems in the East as in the West, but against an eastern background their order of importance appears in a different light. The western mind is mainly preoccupied with questions of wage rates, working hours, unemployment, social insurance, protection against industrial accidents and disease, the safeguarding of women and children against exploitation, the organisation of factory inspection, relations between employers and workers, to which have been added in comparatively recent years the questions of housing, nutrition and vocational training. All these problems have made their appearance over the eastern horizon. . . . Nevertheless, although there is a general endeavour to work towards international standards in regard to conditions of employment and a growing measure of success is being achieved, it would be misleading to suggest that these problems, important as they are, dominate the social consciousness of the East. They necessarily yield priority to the fundamental and interlocking problems of population, poverty, illiteracy and disease.

In the last analysis, the measure of success achieved in bringing these problems under control will be dependent upon the extent to which it is found possible to inculcate among the people a spirit of high endeavour and determination to emancipate themselves from the limitations which tend to keep them in a state of apathy and inefficiency. In other words, the human element remains the most important factor in the struggle against environmental conditions and its strengthening is the core of the problem. No organisation, national or international, administrative or advisory, confined to fact finding or invested with powers to exercise discretion or take and implement decisions, can do more than provide the necessary framework to render activity orderly, co-ordinated and fruitful. The activity itself is primarily an individual product, and the excellence and plenitude of the activity of any assemblage of individuals is inevitably conditioned by their insight and energy. To help the individuals to help themselves to match the demands made upon them—to devise means to enable them to release themselves from the cramping effect of the fear that they are in the grip of hostile forces, to engender in them the self-confidence that,

provided they acquire a proper understanding of the world around them and are prepared to exert themselves sufficiently, they can remain largely if not wholly masters of their destiny—is the ultimate objective of all policy making.

Poor physique and illiteracy are serious drawbacks, which Indian labour can be enabled to overcome only by long-term planning. From the point of view of increasing production this was probably the most outstanding lesson of the war. The proposals for post-war reconstruction which have been made by the Central, provincial and State Governments, as well as by representatives of employers and workers, to build economic and social policy on firmer foundations after the war show that the lesson has not been lost on the country. These proposals are briefly described in the following pages.

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## Part II

### RECONSTRUCTION PLANNING

#### IX

#### The Central Government's Proposals

As early as March 1941, in the course of a debate in the Central Legislative Assembly on the budget proposals of the Government of India for the year 1941-42, the Member for Commerce of the Viceroy's Council stated that the Commerce Department had under active consideration the question of the transition from war to peace in industry. He announced at the same time that it was proposed to set up an interdepartmental committee for the investigation of reconstruction problems and expressed the hope that the committee might have the advice of industrialists.

The Committee was set up in June 1941. In addition to the Chairman, the Member for Commerce of the Viceroy's Council, it consisted of the Economic Adviser to the Government and representatives of the Railway Board and the Finance, Commerce, Defence, Education, Health and Lands, Labour, and Supply Departments. At the first meeting of the Committee four sub-committees were set up, to deal with labour and demobilisation, disposal of stocks and contracts, public works policy, and trade, international trade policy and agricultural development. Provision was made for associating with each committee representatives of commercial and industrial interests and labour, and it was also decided to set up a consultative committee of economists, drawn from the different universities in the country and presided over by the Economic Adviser. The recommendations of the various committees were to be communicated to the Governor-General in Council for action.

In March 1943 it was felt that reconstruction had become an urgent matter, to be taken up at the highest level by the Government as a whole. Accordingly, the Interdepartmental Committee was replaced by a Committee of the Viceroy's Council, with the

Viceroy as Chairman and consisting of the Members for Civil Defence, Defence, Labour, Supply, Commerce, War Transport and Finance (and later, also the Member for Planning and Development), to deal with all matters of policy, exercise initiative and co-ordinate and sanction plans. This Committee, which was designed with a view to enabling definite decisions to be reached, was provided with a separate secretariat. Policy committees, consisting of representatives of the Governments of British Indian provinces and Indian States as well as prominent non-officials, were set up to deal with policy questions concerning resettlement and re-employment; disposals, contracts and Government purchases; transport; posts and aviation; public works and electric power; trade and commerce; industries; shipping; and agriculture, forestry and fisheries. A General Policy Committee was constituted to advise the Government on major matters of policy and also on matters which did not fall within the purview of one or the other of the various policy committees and on the question of priorities. Official committees, with Secretaries to the Government as chairmen, were also formed to deal with the technical preparatory work and carry out a preliminary examination of the proposals. One of these official committees was especially charged with the function of co-ordinating the activities of the various departments in respect of social services.

Commenting on the reorganisation of the Reconstruction Committee, the Finance Member of the Viceroy's Council, in his budget speech to the Legislative Assembly in March 1943, observed that the Government had been considering a proposal to constitute a fund for the purpose of financing reconstruction, but that the important point was to have the plans for reconstruction made well in advance, since the capital goods market in the post-war world would be a seller's and not a buyer's market for a considerable period of time.

According to a letter, dated 3 July 1943, from the Government of India to the International Labour Office, the work already completed or in various stages of preparation at that date in respect of reconstruction planning included the following: a scheme for the development of welfare services in the areas in which men were recruited for the armed forces; a survey, in conjunction with the provinces, of the land that might be assigned for the settlement of demobilised soldiers; a scheme for the utilisation of the Military Reconstruction Fund (a fund set up by the Government for the purpose of financing special schemes for the promotion of the welfare of demobilised soldiers); preliminary plans for the establishment in the departments concerned of organisations for the disposal



of the remaining stocks of provisions and supplies; road development and development of civil aviation; and memoranda on matters of policy concerning agriculture, forestry and fisheries. A questionnaire designed to elicit from representatives of industry their views on the development plans and on the requirements in capital goods was also nearing completion.

Since the receipt of the communication referred to above, two reports have been published by the Reconstruction Committee on the progress made in drawing up plans, one in March 1944 and the other a few months later.<sup>1</sup> The first report gives an indication, in broad outline, of some of the problems which were being examined by the Government, and the second a summary of the views of the departments of the Government of India on various proposals. The later report specifically states that while it was not possible for the Government to arrive at final conclusions on matters of policy until a more definite picture of the plans of the provinces as well as the Centre could be drawn, the proposals mentioned were meant to provide guidance on the lines on which reconstruction planning should proceed.

#### GENERAL OBJECTIVES OF PLANNING

The reports contain a discussion of the general objectives of planning. It is recognised that "the ultimate object of all planning must be to raise the standard of living of the people as a whole and to ensure employment for all", and that to that end, the purchasing power of the people must be increased by improvement in the efficiency and consequently the productivity of labour on the one hand, and a simultaneous development and reorganisation of agriculture, industries and services on the other. As agriculture is and will remain the country's most important industry, the stabilisation of the prices of agricultural products at an economic level is indispensable for economic development. But only by intensive industrial development will it be possible to enable the pressure of population on the land to be relieved and to procure the necessary means for the improvement of national defence and of living conditions, particularly in respect of education, public health and housing. The measures proposed in the reports have been designed accordingly, and also to remove "the existing glaring anomaly of immense wealth side by side with abject poverty" by bringing about a more equitable distribution of the wealth that

<sup>1</sup> GOVERNMENT OF INDIA, RECONSTRUCTION COMMITTEE OF COUNCIL: *First Report on the Progress of Reconstruction Planning* and *Second Report on Reconstruction Planning* (New Delhi, 1944). These reports form the basis of the account of the Government's policy and proposals contained in the following pages.

is produced. It is especially stated that besides these general measures, the objective of the Government will be to take special steps to bring about an amelioration in the condition of the backward classes of the community, including the "scheduled castes", and that "it should be the special responsibility of the provincial Governments and local bodies [municipal and district boards] to see that early measures are taken to remove the handicaps of these classes and to raise them to the level of their more fortunate fellow-citizens".

The main short-term objectives, those of reconstruction properly so called, are stated to be, among others: the resettlement and re-employment of defence service personnel and of labour displaced from war industry, military works, etc.; the orderly disposal of surplus military stores and equipment, land and buildings; the conversion of industry from war to peace; and the removal or adjustment of controls to suit peace conditions. The important long-term objectives, involving large capital expenditure, include: the development of electric power in order to facilitate industrial development and to a lesser extent agricultural development, pump irrigation and rural industry; industrial development with special reference to the production of capital goods and the consumer goods required by the bulk of the population, as well as the maintenance and development of small-scale and cottage industries; the development of road communications and transport services on a comprehensive scale, especially in rural areas; and agricultural improvement, including the development of irrigation and the institution of anti-erosion and land-reclamation projects.

It is emphasised that the development of public health, public instruction and housing and other social services is essential not only as a welfare measure but also as a prerequisite to general economic development.

#### THE FINANCIAL POSITION

The Reconstruction Committee appreciates that the diversity in the character and scope of reconstruction problems precludes the formulation of closely defined principles of finance of universal applicability, and that planning must largely be a matter of choice between "unlimited wants and limited resources". The need for the provision of large capital resources at reasonable rates of interest for development and the consequent possibility of the institution of a system of priorities and of control over the floatation of new companies are emphasised. It is suggested, however, that, pending further detailed investigations, plans should be drawn up on the assumption that capital expenditure on electrical development,

roads and irrigation would be financed by public loans, and industrial development by private capital except where participation by the State is decided upon. Recurring Government expenditure on development projects and social services, including interest charges on Government loans, would be met out of revenue.

It is further pointed out that while the greatest difficulty is likely to arise in regard to the financing of social services, it is common ground that their full development must eventually depend on an increase in the national income and the recruitment and training of the large staffs required. Attention is drawn to the experience of the United Kingdom, where, during the period 1900-1934, there was a striking and simultaneous expansion in the social services and in the revenue. The Committee suggests the desirability of exploring ways and means of local taxation for the financing of social services.

The Committee also recalls the speech made by the Finance Member of the Viceroy's Council in introducing the budget for 1944-45 in the Legislative Assembly, in the course of which he observed that the Government fully recognised the need for large sums for any effective development in the post-war period. The magnitude of wartime finance, he said, had taught both Governments and the public to think in terms of figures which would have frightened the older generation. The main resemblance between wartime and reconstruction finance was that they both necessarily involved a continuously high level of taxation and of borrowing if the objective was to be attained. While it was impossible at that stage to work out precisely all the details of the schemes for raising the requisite finance for Government schemes, the Government had estimated, on the basis of certain fundamental assumptions, that a round figure of 10,000 million rupees might be available for the first five-year period, commencing 1947-48 and ending 1951-52. Approximately half of this sum would come out of the revenue and would be available for such of the Central Government's development projects as were not financed by loans and for making grants, recurring or otherwise. The remainder—about 5,000 million rupees—might, it was felt, be raised by loans by the Central and provincial Governments in the five-year period. Additional amounts which could be raised from the market for private investment might be of the same order as that estimated for Government borrowings. The fundamental assumptions and conditions on which the foregoing estimate was based were: (1) that any constitutional or political changes which might be introduced would not result in a radical departure from the present economic and financial arrangements; (2) that a relatively speedy

rate of demobilisation after the conclusion of hostilities would prove possible and a corresponding progressive reduction of the defence budget be ensured; (3) that world conditions in the early post-war period were such as to permit of full production and employment; (4) that in the interests of the future development of the country the Government of the day would be prepared to impose, and the public would be prepared to accept or submit to, full development and exploitation of the taxable capacity of the country: in other words, that a determined effort would be made to secure a sure and sound financial foundation for development and expansion by such measures as an all-out taxation policy and the deliberate working of the Government commercial departments for profit; and (5) that the Government control over the issue of capital was maintained and the borrowing requirements of the Government were taken into consideration in its administration.

#### THE CONSTITUTIONAL POSITION

As to the present constitutional position in respect of planning, the Reconstruction Committee observes that the plans set out in the reports have been drawn up on the basis of the existing Constitution, as it is not possible to anticipate the exact form the future Constitution will take. Provincial autonomy exists over a very large range of subjects, and the autonomy of most States is complete as regards their internal administration. It is recalled, however, that other countries with federal Constitutions, with constituent units possessing a measure of autonomy far greater than that of the Indian provinces, have felt the need to formulate a common policy in the general interests of the country as a whole.

The proposals for reconstruction set out in the reports are not intended in any way to prejudice the decisions that may be taken in the future on the constitutional issue. A main feature of these proposals is regionalism calculated to benefit the different parts of the country in as equal a measure as is compatible with the physical features and the natural resources of each part.

Although most questions concerning development are the responsibility of the provinces, there is general agreement as to the measures necessary over a great part of the field. For a task of this nature and magnitude, a pooling of all resources will clearly be desirable, if not indispensable, and this will inevitably entail a considerable degree of co-ordination. Co-ordination is especially necessary in respect of such subjects as resettlement, industrial development, electric power, irrigation, road transport and road planning. In certain matters requiring unified direction, it may be possible to set up autonomous authorities with jurisdiction over

the whole country, in agreement with the provinces and the States. In certain cases it may be desirable to set up regional authorities on the lines of the Tennessee Valley Authority. The need for national planning and the exercise of far more initiative by the State than hitherto in all matters of social reform and economic development is widely recognised.

#### METHOD OF PLANNING

The reports suggest that, in addition to an over-all plan for reconstruction and development for the country as a whole, detailed five-year plans should be prepared for each of the provinces and the more important Indian States, as well as in respect of subjects for which the Central Government is largely responsible. The Central Government, in addition to initiating—in consultation where necessary with provinces and States—plans and policies in respect of questions for which it is directly responsible, proposes to co-ordinate policy and scientific research, and provide technical advice and financial assistance in suitable cases to the provinces and States in the preparation of their own plans. While financial considerations will have to be taken into account in the allocation of priorities in the implementation of the proposed schemes, the availability of trained staffs, materials and machinery will be an important element. Accordingly, it is proposed that the following measures might be undertaken as a preliminary step: the provision of scholarships and studentships, in India as well as abroad, for the training of technical and administrative staffs; the expansion of the existing institutions and the provision of new ones for training in engineering, agriculture, forestry, medicine and other branches of science; the survey of power resources and industrial production potentialities of the provinces and States; and a review of the existing administrative systems and methods with a view to reform, where necessary. The Committee notes that, at the end of the war, while the process of implementing the plans for agricultural and industrial development and developing educational, health and other social services would begin, such measures as the re-settlement of demobilised soldiers and the development of irrigation, electric power and roads would necessarily receive more urgent attention.

#### THE EMPLOYMENT POLICY

The Government's employment policy aims at the full employment of all those seeking work. But it is realised that employment policy is in effect determined by industrial, agricultural, public works and financial policies, or in other words by social and

economic development generally. Accordingly, steps will be taken for the efficient use of manpower and natural resources and the establishment of suitable relations with other countries. The labour supply will also be regulated.

A beginning has been made with the establishment of a system of employment offices for the placing of skilled or semi-skilled workers and of labour depots for the supply of unskilled workers. This system will be extended and improved as employment expands in consequence of the industrial and economic development for which plans have been or are being prepared. In order to fit workers formerly engaged in war service or industries for civil employment, it has been decided to adapt to post-war requirements the technical training scheme initiated by the Labour Department of the Government of India for training workers for wartime purposes.

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## X

### Summary of Plans Prepared by the Central Government

A short account of the various plans which have been prepared by the Central Government is given below.

#### RESETTLEMENT AND RE-EMPLOYMENT OF FORMER SERVICEMEN

Recruits to the armed forces have been drawn from a wide range of occupations and from almost every section of the people. The main line of division, so far as re-employment is concerned, is between those who will look to the countryside for their livelihood and those who will look for industrial or other employment in the towns. Planning for the resettlement of former servicemen has for its aims the adjustment of demobilisation, so far as possible, to opportunities for settlement, the provision of machinery to place former servicemen in employment on their discharge and to train them for suitable occupations, and the promotion of appropriate resettlement and welfare measures for former servicemen as a special class. Demobilisation schemes will be designed to secure opportunities for officers and men for resettlement.

The employment offices will be called upon to give particular attention to former servicemen, and, where necessary, special military sections will be established in these offices. Particulars of the qualifications and experience of service personnel are being collected and recorded systematically to this end. Government departments as well as private employers will be asked to reserve a percentage of vacancies for, or give preference to, former servicemen. Schemes to give vocational training to servicemen before demobilisation are being worked out with the aid of provincial and State Governments. Efforts are also being made to secure special educational and training facilities and concessions for officers and men who have had their training interrupted by war service. In addition to these measures, facilities will be provided to former servicemen for settlement on the land and for the education of their children. Social services especially designed to promote their welfare, including rest houses, residential quarters, libraries, health measures, etc., will also be provided. The Directorate of Welfare and Amenities in the Army has a card index system which provides the necessary information for placing each soldier in employment on his discharge. The Military Reconstruction Fund, which is financed by *per capita* contributions by the Government and



amounted to 50 million rupees in March 1944, is intended to be used for the permanent benefit of former servicemen.

Since the publication of the reports of the Reconstruction Committee of the Viceroy's Council on the general lines of policy in regard to the resettlement and re-employment of former servicemen, the Directorate-General of Resettlement and Re-employment has been very active. Detailed reports on the progress made up to 31 December 1945 and monthly reviews of current developments in the following months have been issued.

#### ADAPTATION OF WAR INDUSTRIES TO PEACETIME PRODUCTION

Investigations have been made into the possibilities of the utilisation of some of the ordnance factories for the manufacture of civilian goods, as part of the problem of the adaptation of war industries to peacetime needs. It is proposed to pursue these enquiries with a view to making as much use as possible of the machinery in ordnance factories for the production of consumers' goods in short supply, and with a view to transferring surplus factories ultimately to private enterprise.

#### TRADE POLICY

The suggestions made in the reconstruction planning reports in respect of trade policy are as follows:

(1) As to export policy: replacement of the export of raw materials by that of partially or fully manufactured goods; avoidance of undue dependence on a particular market for the disposal of a particular class of goods, and development of eastern markets; grading of export goods and rigorous enforcement of the established standards; formation of larger export units and improvement of the existing methods of trade; and establishment of organisations by the State for trade with countries in which trade is under State control, or in commodities or goods produced by State-owned enterprises.

(2) As to import policy: avoidance, as a rule, of undue dependence on particular markets, and consideration of the steps to be taken to check the increasing tendency for companies domiciled abroad to establish branches and subsidiaries in India in preference to employing local houses.

(3) As to wartime trade controls: their adjustment in sufficient time to enable orders to be placed for the import of capital and consumers' goods from abroad and the necessary shipping priority to be obtained, to ensure the retention of pre-war markets and the

creation of new ones, and to secure the necessary foreign exchange to finance imports.

(4) As to tariff policy: abstention from the imposition of export duties for the protection of industries, imposition of such duties for revenue purposes only sparingly and with great caution, and imposition of small export cesses, where necessary, if they are intended exclusively for the improvement of the industries (including agriculture) on which they are based; continuance of the revenue tariff on imports, with periodical revision of the tariff schedules, maintenance of the existing policy of extending protection to industries after careful investigations in respect of each case, and resuscitation of the tariff board for the determination of the measure of such protection.

The adhesion of India to a multilateral United Nations Convention concerning commercial policy, and should no such Convention be adopted, the conclusion of commercial treaties as bilateral agreements with foreign countries on a most-favoured-nation or other suitable basis, are also recommended.

#### INDUSTRIAL DEVELOPMENT

The Government of India has appointed an Industrial Adviser, with a suitable staff, to direct the planning of industrial development. An Industries Committee, consisting of representatives of the more important industries and of the Central, provincial and State Governments, has been set up to advise on questions of policy pertaining to industrial development.

In addition, for the consideration of the development of particular industries or groups of industries, 28 panels, composed of representatives of the industry or industries concerned and experts, have been established, with officers of the Planning and Development Department of the Central Government to assist the panels in their work. The recommendations of these panels will be co-ordinated with those of the provincial and State industries committees and then considered by the Government of India with a view to establishing the controls and providing the facilities that may prove necessary. Pending such consideration the provinces and States proceed with their particular schemes.

The Government has made arrangements for leading Indian industrialists to visit the United Kingdom and the United States in order to enable them to acquire first-hand and up-to-date information of industrial development in these countries.

Provincial Governments have been asked to appoint special committees to review the position of cottage and small-scale

industries with particular reference to their types, capacity, location, markets, availability of raw materials, etc. It is stated that the Central Government attaches the utmost importance to the development of cottage and small-scale industries as an essential and integral part of industrial expansion, and considers that, in addition to the surveys to be made by provincial Governments, it should itself also examine the position of these industries from the point of view of an all-India policy and has entrusted this work to its Economic Adviser.

The planning of industrial development falls into two parts: (1) the planning of the transition from war to peace; and (2) long-term planning.

As to the planning of development in the transition period, information on the existing situation has been collected by means of a questionnaire addressed to industrialists and by other means. The question of the extent to which and the manner in which the wartime State munitions, food, clothing and other factories might be converted for the production of civilian requirements, either under continued State ownership and management or by private interests, has been under consideration.

The transitional plans are being co-ordinated with the long-term plans. These latter, admittedly, call for the imposition of controls requiring the enactment of legislation with special reference to the licensing of industries and the control of imports of capital goods and of capital issues. The existing controls over the export of capital goods in the United Kingdom and the United States need to be taken into account, and steps will be taken to ensure the grading and quality of the Indian products for export.

The sources of the supply of raw materials and of the power required for production, as well as the location of the markets, will determine the parts of the country in which industrial development should proceed. The pace of such development, in the early post-war years at any rate, will in all probability be governed more by the availability of machinery and technical staff than by considerations of finance. The most serious difficulty will probably be the dearth of technical staff, especially for the higher technical managerial posts, and the initial efforts for reconstruction have therefore been directed to securing facilities abroad for the training of promising young Indian technical workers.

A more detailed statement of policy concerning industrial development than that contained in the reconstruction planning reports was issued by the Government in April 1945.<sup>1</sup> The

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<sup>1</sup> PLANNING AND DEVELOPMENT DEPARTMENT: *Statement of Government's Industrial Policy* (New Delhi, 1945).

statement adds, however, that the views set out therein are to some extent provisional, as it was not possible for lack of time to consult the provincial and State Governments in the matter. The Government was anxious that private industry should not be impeded in its own reconstruction planning by doubt as to the official policy in respect of industrial development.

The statement points out that although the development of industries is a provincial subject under the Government of India Act, 1935, it is open to the Central Government to bring the development of specified industries under its control by declaration by law, if deemed expedient in the public interest. There can be no doubt that the general economic policy pursued by the Government under its own constitutional power exercised in the past a profound influence on industrial development. The cotton textile, iron and steel, and sugar industries, for instance, made rapid strides largely as a result of the fiscal policy pursued by the Government. It is realised that in the interests of co-ordinated development certain industries should be brought under Central control. The Government of India Act indeed provided for such a contingency, and accordingly, subject to the final decisions being made in consultation with the provinces and States, it is proposed to bring the following industries under Central control and to take the necessary legislative measures for the purpose: iron and steel; manufacture of prime movers; automobiles and tractors and transport vehicles; aircraft; shipbuilding and marine engineering; electrical machinery; heavy machinery, such as textiles, sugar, paper, mining, cement and chemical; machine tools; heavy chemicals and fine chemicals, chemical dyes, fertilisers and pharmaceutical drugs; electro-chemical industry; cotton and woollen textiles; cement; power alcohol; sugar, motor and aviation fuel; rubber manufacture; non-ferrous metals industry; electric power; coal; and radio-engineering.

The principal objectives sought by the Government in promoting industrialisation are stated to be: an increase in the national wealth by the maximum exploitation of the country's resources; the improvement of the defence of the country; and the attainment of a high and stable level of employment. It is axiomatic in the Government's policy that the additional wealth created by industrial development should be distributed in a manner that may be regarded as socially equitable.

The Government has decided to take positive steps to encourage and promote the rapid industrialisation of the country to the fullest extent possible. In this process, heavy industries, which constitute the foundation of modern industrial life, must take high priority, while at the same time a balanced plan in which

consumption goods will have a due place will need to be worked out.

The formulation of an appropriate tariff policy to further industrialisation is under consideration, and pending the determination of a long-term policy, suitable assistance or protection will be provided to the large number of wartime industries during the period of transition from war to peace.

A main question to be considered in the determination of industrial policy is the extent to which the State should take part in industrial enterprise. In India, ordnance factories, public utilities and railways are owned and operated by the State. The Government has also decided that the bulk generation of electric power should as far as possible be a State concern. Basic industries, including aircraft, automobiles and tractors, chemicals and dyes, iron and steel, prime movers, transport vehicles, electrical machinery, machine-tools, electro-chemical and non-ferrous industries may be nationalised if sufficient capital is not forthcoming. Manufactures, such as salt, in which the tax element is more important than the profit element may also be nationalised. The coal mining industry represents a special case which will have to be examined and dealt with separately.

All other industries will be left to private enterprise under varying degrees of control. Industries of national importance such as shipbuilding and the manufacture of locomotives will be run by the State as well as by private interests. Normally, State enterprises will be managed by the State, but in special cases the possibility of management through private agencies for a limited period may have to be explored. In some cases State enterprises may be operated through public corporations.

With a view to preparing the ground for industrial development, the Government has taken steps to ensure the co-ordinated development of transport facilities and the development of scientific and technical research. Action has also been taken to improve and extend the existing facilities for technical education. The Geological Survey will be extended with a view to the development of the mineral resources of the country; and in order to make as large a volume of power as possible available for industrial development, regional agencies will be set up wherever necessary.

Other forms of Government assistance to industry will include: participation, by making loans or subscribing a share of the capital, in industrial undertakings for which capital may not be forthcoming in adequate measure; provision of a guarantee of the payment of a minimum rate of dividend on the capital invested in certain undertakings, or of the coverage of losses of revenue, over a specified period; extension of financial support to research organisations set

up by industrial associations; purchase of supplies from Indian industry; establishment, if necessary, of an Industrial Investment Corporation; periodical examination of the tax system in order to ensure that development will not be impeded by taxation; and provision of assistance for the purpose of securing capital goods or the services of experts from abroad.

The Government has also come to the conclusion that it must take power to institute a system of controls. Control is inevitable in planned economy, and wartime controls are to be replaced by new ones, designed to prevent excessive concentration of industries in particular areas and to ensure a balanced distribution of the capital available for investment in the capital and consumers' goods industries, agriculture and the social services. Accordingly, it is proposed to take power to require a licence to be taken out for the establishment of new factories or the extension of old ones. A board, with provision for the representation of the Indian States, has been set up to advise the Government in this matter.

Agricultural development will be undertaken almost wholly under the auspices of the State, because the bulk of the agriculturists are not in a position to provide the necessary capital.

Machinery with provision for the representation of the various interests concerned will also be set up, after necessary consultations, with the object of ensuring a reasonable standard of living for industrial workers, preventing excessive private profits, extending the external and internal markets, avoiding the unhealthy concentration of assets in monopolistic fashion and providing sufficient facilities for technical training, particularly in the case of persons belonging to minority and backward groups.

## TRANSPORT AND COMMUNICATIONS

### *Roads and Road Transport*

The outlines of post-war road and road transport planning were drawn in the reports of two committees of experts, prepared in 1943. The first, a technical committee, appointed by the Reconstruction Committee, published a report in November 1943, outlining the principles on which road development should be planned and including the following proposals for evolving and enforcing a co-ordinated transport policy with the objective of providing cheap and efficient transport for all by the means best suited to the type of traffic involved: active development of motor transport for the opening up of the countryside; encouragement of short-haul goods traffic on roads; restriction, in the interests of over-all transport economy, of long-distance goods transported by road on routes served by rail, on the basis of public and economic

need combined with scientific zoning; co-ordination of passenger transport by road and rail, for the attainment of which the railways should enter into road transport operation by taking a commanding interest in it; a scientific review of motor vehicle taxation; development of alternative fuels such as producer gas; improvements in the maintenance of statistical information on all transport matters; and setting up of suitable administrative machinery to implement the recommendations.

The second report was that of a Conference of Chief Engineers of provinces, States and the Centre, which met at Nagpur in December 1940 and drew up the details of an all-India road plan, classified under the heads of national highways, provincial highways, and district and village roads, of a total mileage of 200,000 miles and estimated to require a capital expenditure of 4,500 million rupees and a recurring annual expenditure of 160 million rupees, the national highways to be financed by the Centre. The report includes recommendations for the execution of the plan under the heads of standards, specifications, plant and machinery, estimating, phasing, legal matters connected with land acquisition, finance, administrative set-up, etc. Both the reports stress the need for setting up a Central Road and Road Transport Authority, to be designated the Indian Road Board, to deal with the development of roads and road transport, the administration of the general road transport policy and the regulation of road transport on the national highway system, and to function as an appellate authority to settle disputes.

The main recommendations in the reports have been discussed with provincial Governments, and a substantial measure of agreement has been reached on essentials. The Central Government has drawn up the details of the scheme for national highways and proposes to accept financial responsibility for the construction and maintenance of national highways in British India with effect from the financial year 1947-48, subject to acceptance by the provinces of certain conditions. It has set up a Central Road Board to act as an advisory body and to exercise certain of the functions of the Centre in connection with the preparation and execution of the plan. The provinces have for their part prepared five-year road plans, and financial arrangements have been agreed upon between the Centre and the provinces in order that road works can be begun in areas where the need for providing employment to demobilised servicemen and counteracting slump conditions becomes pressing. A beginning has been made in road-rail co-ordination in certain provinces, where joint road-rail companies for the operation of passenger services are being formed.



### *Railways*

A basic plan, capable of being enlarged or adjusted to post-war requirements, has been drawn up by the Railway Board, for the improvement and expansion of the railways. Among the objectives of this plan are: rehabilitation, repair and replacement of locomotives, wagons, coaches, track and other equipment, which have been subjected to abnormal wear and tear, or whose renewal has fallen into arrears as a result of the war; establishment of workshops for the manufacture of locomotives, boilers and other railway equipment in India; absorption of demobilised Army personnel in railway services; formulation of a programme of annual replacement of railway engines, wagons, coaches, workshop machinery and other equipment, spread over a number of years and designed to assist industrial development and improved services for goods, parcels and passenger traffic; annual construction of 500 miles of railway during a period of ten years; regrouping of railways; extension of activities of railways to other transport services (road, air, etc.); development of staff welfare organisations; provision of special amenities for third-class passengers; and determination of a new rates structure in accordance with post-war requirements. The cost of this plan has been provisionally estimated at 3,190 million rupees in the first seven years of the post-war period.

The programme of new constructions is being worked out in consultation with the provincial Governments and Indian States. The programme, so far as the provinces are concerned, has been almost completed and a large number of surveys have already begun. Substantial progress has also been made in respect of the programme relating to the Indian States.

### *Shipping*

The total tonnage of Indian deep-sea ships at the outbreak of the war was less than 150,000 tons, and the Government of India is pledged to a policy of assisting in the development of an Indian mercantile marine. According to the reports of the Reconstruction Committee of the Viceroy's Council, shipping policy should aim at securing for Indian shipping an increased share of the coastal trade, a substantial share in the near trades (e.g., Persian Gulf, East Africa, Malaya and Netherlands East Indies), a fair share in the eastern trades (especially those trades of which Japanese shipping has been dispossessed), and also a fair share in the trade between India, on the one hand, and the United Kingdom, the Continent of Europe and North America, on the other. It is expect-

ed that the continued development of small (country) craft will, in addition, be necessary in order to give maximum relief to the railways.

### *Ports*

It is considered that the capacity of the major ports at the start of the post-war period will be adequate for the next few years, but that the question whether it would be more economical to construct new harbours or to modernise and develop smaller ports will need to be examined by experts.

### *Inland Water Transport*

The provincial and State Governments will take measures to improve the navigability of existing waterways and extend them, consider the possibility of using the irrigation canals for inland traffic, and bring about an increase in the use of steamers, tugs, power-driven barges and country craft.

### *Civil Aviation*

The Government's policy aims at the development of civil aviation with Indian capital and under Indian management, with opportunities for the employment of Indians. The Government recognises its responsibility to ensure the provision of the ground organisation for air services in and through India, and reserves the right to control the agency through which any such ground organisation is provided. In the matter of international services, India will claim full reciprocal rights with other nations. In the event of India's participation in any international through-services on a reciprocal basis, the policy will aim at ensuring that such co-operation is not only financial but also technical and operational. For the initial post-war period, plans have been prepared for a system of trunk air services, designed for the social, commercial and industrial development of the country as a whole. The services planned would involve a route mileage of 11, 220 miles, and approximately 8.2 million miles a year. The necessary legislation for the establishment of an Air Transport Licensing Board, responsible for the orderly development of air transport, has been passed. The air services and the air route and aerodrome organisations have been planned on a national basis, including the Indian States, and in the international field India has participated in British Commonwealth and Empire and international meetings and conferences.

*Postal and Telegraph Services*

Under the stress of war conditions the postal, telegraph and telephone services have expanded considerably, and these need to be readjusted and redistributed with due regard to the demands arising in post-war conditions. Plans have been prepared for a continuous expansion of the services with a view to providing, for instance, the establishment of a post office in every village with a population of 2,000 or more, a telegraph office in every town with a population of 5,000 or more and a telephone exchange with a trunk connection in every town with a population of 30,000 or more. Amenities for the staffs employed in these services will also be provided, and the question as to what additional activities the postal, telegraph and telephone services might suitably undertake for the public benefit is receiving consideration.

## DEVELOPMENT OF ELECTRIC POWER

The ultimate objective will be to secure the development of electric power, with regional administration in so far as the constitutional position may permit. As one means to this end, the provincial Governments will be empowered to set up statutory electricity supply boards, and the trading arrangements of these boards will be regulated. Broadly speaking, the policy to be pursued in respect of the administration of public electricity supply is that the ownership of new major undertakings will be vested in public bodies rather than in commercial corporations. The policy in relation to existing commercially owned electricity supply undertakings is generally to permit them to continue their operations, albeit with the probable introduction of certain profit and rates control provisions which are at present under consideration. When options to acquire such undertakings arise under the terms of their franchises, these options will generally be exercised. New franchises for the starting of new undertakings will be granted only where the provincial or State Government concerned is not in a position to provide electric service for some time to come in that area.

A new organisation has been set up, known as the Central Technical Power Board, which will act as a central planning authority for the initiation and formulation of major power schemes throughout the country. The preparation of such schemes will be undertaken in consultation with the provincial and State Governments in whose territory the scheme may be proposed. The Board will have particular regard to the prospects for the development of several of the major river basins as multi-purpose river development projects. To this end it has prepared a comprehensive

project for the unified development of the Damodar River, which rises in Bihar and passes through Bengal on its way to the sea.<sup>1</sup> The Board will also concern itself with the adoption of standards in technical practice in the electricity supply industry, and with the preparation of schemes for the training of Indian engineers for the industry.

### Mining Development

In view of the increasing need in the future for a well-co-ordinated national mining development policy, the Government will take steps to bring under Central control all minerals of strategic or key industrial importance, so far as it is possible to do so under the Constitution. Model rules for the prospecting of minerals and their subsequent exploitation will be framed in consultation with the provinces and States, to which the Central Government will be prepared to extend any necessary assistance by providing the services of experts and technicians.

The question of the nationalisation of the coal industry in all its aspects will also be examined, and research in the better utilisation of coal, already initiated in collaboration with the Board of Scientific and Industrial Research, will be pursued. The activities of the Geological Survey of India, including such as have been carried out by its Utilisation Branch during the war, will be extended, and arrangements will be made to train the staff necessary for the purpose.

### Irrigation, Waterways, Drainage, etc.

In respect of these subjects, the Central Government will take steps to co-ordinate the provincial and State projects, provide technical assistance wherever necessary, and even financial grants in exceptional cases, and arrange for priorities for the supply of materials necessary for the execution of projects. The Government has appointed a Consulting Engineer for Waterways and Irrigation to advise it in matters concerning waterways, irrigation and navigation. It has also set up an expert organisation, called the Central Waterways, Irrigation and Navigation Commission, with, *inter*

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<sup>1</sup> The project involves the construction of eight dams and a barrage on the Damodar River and its tributaries. It would cost at a rough estimate 500 million rupees and should be completed in not more than ten years. With flood control is combined the utilisation of the river for irrigation and the generation of electric power, and there will also be possibilities of navigation. The Damodar valley contains the major part of the coal resources of India and is in other ways particularly suitable for industrial development. The project envisages the perennial irrigation of 750,000 acres where today 186,000 acres are partly irrigated (*The Times*, 30 Aug. 1945).

*alia*, general responsibility for initiating, co-ordinating and pressing forward schemes for the control, regulation and utilisation of water and waterways in consultation with the provincial and State Governments concerned.

### FOOD POLICY

The Nutritional Advisory Committee has prepared a report on individual nutritional needs in India and on nutritional education for consideration by the Health Survey and Development Committee. The responsibilities of this Advisory Committee included the assessment, province by province, of the standard to be adopted for the various important foods in common use. On the basis of these estimates the provincial and national food requirements will be calculated and the policies for securing the necessary supplies will be determined. A good deal of educational propaganda will, however, be necessary before the population can be induced to improve the diet in accordance with scientific requirements. Such instruction can be imparted through schools, maternity and child welfare centres and industrial canteens.

An important aspect of food policy will be the effective prevention of food adulteration. The question has been considered by the Central Advisory Board of Health, which has published two reports on food standards and the legislative and administrative control necessary to maintain them. The testing of food products and the assurance of sanitary conditions in food shops and markets will also receive attention.

The dietary requirements in India have been estimated at  $2\frac{1}{2}$  lbs. a day for each adult, including 1 lb. of cereals. But the poverty of the great majority of the population is such as to prevent them from acquiring the necessary quantity of protective foods, with the result that provision has to be made, for the present at any rate, for a larger ration than that of 1 lb. of cereals a day for each adult.

The national target for food production on the basis of the existing population has been estimated to be an increase of 10 per cent. in cereals, 20 per cent. in pulses, 50 per cent. in fruits, 100 per cent. in vegetables, 250 per cent. in fats and oil, 300 per cent. in milk and 300 per cent. in fish and eggs. In addition, the production of fodder will have to be increased in order to improve the quality of the livestock. The food situation is so grave that it is not only necessary to increase the production of foodstuffs on this scale but also to augment the total volume so as to overtake the increase in population. For this purpose, adequate statistics of acreage, yields

and stocks will be needed, and some such means as the readjustment of land revenue to prices, or the reversion to the payment of land revenue in kind, subject to an option to pay in cash at prices notified from time to time, or the establishment of co-operative or collective systems of farming, will have to be adopted. Attention will also be given to the production of processed foodstuffs, the establishment of storage facilities and the determination of a sound price policy.

## AGRICULTURE, FORESTS AND FISHERIES

### *Agriculture*

A master plan proposing definite targets for the increase of agricultural production is embodied in a memorandum on the development of agriculture and animal husbandry in India prepared by a committee of the Imperial Council of Agricultural Research. The plan provides for an increase in production by 50 per cent. in ten years and by about 100 per cent. in fifteen years. The capital expenditure envisaged is 10,000 million rupees over the whole period of fifteen years, and the recurring annual expenditure is 250 million rupees.

The plan aims at the production of an adequate quantity of foods of all kinds for a balanced diet for the growing population and of raw materials for local industries and for export. It is proposed that agrarian reform for the purpose of bringing about the increase in production should include the stabilisation of the price of agricultural commodities at a level calculated to provide the necessary incentive for bringing additional land into cultivation and for the general grading up of the means and technique of production; crop planning on a national basis, reform of land tenure in so far as the existing system has proved to have a hampering effect on agricultural production, and measures to deal with the problem of absentee landlordism; the organisation of rural finance; and the establishment of a Central authority for anti-erosion measures and measures to control plant and animal diseases, as well as land reclamation, afforestation, or research projects of national importance. The importance of measures for the employment of improved varieties of seeds, the regulation of grazing, the prevention of erosion and conservation of land resources, the improvement of livestock, the consolidation of holdings and prevention of further fragmentation and the organisation of marketing is emphasised and it is suggested, moreover, that where policies acceptable to the great majority are obstructed by small groups,

compulsion will have to be used.<sup>1</sup> Admittedly, as a consequence of agricultural reconstruction planning, the Central Government will have increased responsibilities in respect of the provision of expert advice, equipment and financial assistance to the provinces. An organisation with provincial branches, a centre for the purpose of co-ordination, and a very large trained staff will be necessary.

It is recommended that in respect of the fifteen-year plan mentioned above, the priority to be accorded to the tasks involved should be in the following order: (1) the construction of ponds, wells and canals for irrigation; (2) the provision of fertilisers; (3) land improvement (embankment, afforestation and drainage); (4) the provision of quality seed, including the establishment of seed farms and stores; (5) the establishment of experimental farms; and (6) the improvement of livestock and establishment of cattle and sheep farms. The plan has been approved by the Advisory Board of the Imperial Council of Agricultural Research and communicated to the provincial Governments for consideration.

### *Forests*

The importance of a well-considered forest policy for agricultural development is fully appreciated, and the Government's policy aims at the rehabilitation of Government-managed forests to compensate for advance fellings during the war, the enforcement of measures to prevent erosion, and the extension of afforestation. It is suggested that in order to secure these ends the provinces and States should take action to increase the area under forest (preferably under Government forest) up to the minimum requirements of the country, to obtain a sustained and equal annual yield from forests; to place under forest management land subject to, or necessary for the control of, floods, erosion, or desiccation, for the purpose of preserving the general climatic and physical conditions; and to bring about the distribution of forest land in such a manner as to provide agriculturists with sufficient supplies of timber and fuel at a convenient distance from their homes. This last is an important consideration, for in the absence of other sources of fuel the agriculturists are apt to continue burning valuable cattle manure. The development of forest research, the training of rangers and other forest officers and the reorganisation of the Forest Research Institute are also recommended.

<sup>1</sup> For an interesting discussion of agricultural development in India on novel lines, see Tarlok SINGH: *Poverty and Social Change. A Study in the Economic Reorganisation of Indian Rural Society* (London, Bombay, Calcutta, Madras, New York and Toronto, Longmans Green & Co., Ltd., 1945). The author, who is an official of the Government of India, undertook this study in his spare time and discussed his proposals with agriculturists in areas in which he was stationed.



### *Fisheries*

The development of fisheries, including the establishment of a central institute for research work on inland and marine fisheries and training of personnel, and the promotion of facilities for conservation, storage and transport are recommended.

### *Organisation of Co-operation*

It is proposed that the organisation of co-operative societies should be extended to enable them to deal not only with rural finance but also agricultural production, including dairying, and urban handicrafts and small-scale industries, the grading and marketing of goods of different kinds, the distributive trades and the organisation of settlements in newly irrigated areas. The establishment of a central advisory board, consisting of representatives of the Central, provincial and State Governments, for the organisation of educational propaganda for the extension of the co-operative movement is also recommended.

### *Rural Development*

The need for undertaking an educational campaign with the aid of broadcasting, films, gramophone records, exhibitions and social recreational activities for the purpose of inculcating a sense of social, national and international solidarity among the rural communities and of bringing about a change in their general outlook is particularly emphasised.

## EDUCATION

A scheme for a national system of education has been prepared by the Educational Adviser to the Central Government. The scheme, which is proposed to be worked out over a period of thirty to forty years, provides for universal compulsory basic education for boys and girls between the ages of six and fourteen years and for higher general and technical education, and also for a twenty-year campaign for the abolition of adult illiteracy which would be conducted by the State and aided by voluntary organisations and would be preceded by five years of preparation. When completed the scheme is expected to cost (exclusive of Indian States) 3,130 million rupees annually (the total expenditure on education in British India in 1940-41 was about 300 million rupees).

The scheme envisages a system of universal, compulsory basic education free of cost, and it is suggested that while the majority

of pupils should go through the complete course, children of ability and promise (estimated at one child in every five) should be enabled at the end of the junior or basic primary stage to enter institutions for higher education.

Higher (or secondary) schools would be of two types—general and technical—and both would aim at giving a good general education and preparing pupils in their later stages for their future careers. The raising of the standard of requirements for admission to the universities by the reorganisation of the secondary school system<sup>1</sup>, the introduction of a three-year degree course and the extension of the tutorial system in the universities are proposed.

Having regard to the importance of technical education in the probable post-war conditions, the regulation of technical (including agricultural and commercial) education in its higher stages by the Central Government and the establishment of a national council for the purpose are proposed. Technical instruction would be designed for five classes of industrial workers—managerial class, research workers, supervisory class, skilled artisans, and semi-skilled and unskilled workers.

The total number of basic (primary and middle) school pupils for whom provision would need to be made is estimated at 52 million, while the number of non-graduate and graduate teachers that would be required for all types of schools (basic and high schools) would be 2 million and 180,000 respectively. The facilities for training teachers would have to be extended accordingly, and particular attention given to the provision of refresher courses for teachers for rural areas.

The implementation of the proposals for the provision of school medical services and physical education which have been made by a joint committee, appointed in 1941, of the Central Board of Health and of Education is recommended. It is estimated that 7,500 school medical officers and 15,000 nurses would be needed. The establishment in the provinces of specialised employment bureaux under the control of the educational authorities, for the placing of pupils leaving school, and of university employment bureaux is also recommended.

The Central Advisory Board of Education has considered the above scheme, and on the basis of it drawn up a comprehensive plan for educational development.

#### PUBLIC HEALTH AND MEDICAL SERVICES

The annual average mortality and morbidity figures for India include the following: a death rate of 23.9 per thousand; an infant

<sup>1</sup> This reorganisation is at present under consideration.

mortality rate of 169.3 per thousand live births; 459,931 deaths from cholera; 52,335 deaths from smallpox; 13,578 deaths from plague; 295,953 deaths from dysentery and diarrhoea; 500,000 from tuberculosis, and 4,138,751 deaths from "fevers". Notwithstanding all that has been done in the past decades, the problem of raising the general standard of health is still largely unsolved and the existing health services are far below the minimum standard required. The Government appointed a Health Survey and Development Committee in 1943 to conduct a comprehensive survey of the existing position and make recommendations for future development. The Committee had the assistance of several experts from abroad and appointed advisory committees to deal with public health, medical relief, medical education, industrial health and medical research.

The Committee has provided in its report<sup>1</sup> not only the most comprehensive survey of its kind of the existing situation, but has also drawn up a long-term programme which, if implemented on the lines suggested, should bring about the establishment of a reasonably well-developed health service by successive stages of intensive effort over a period of forty years. The programme aims at making available the services of 1 doctor to 2,000 persons, 1 nurse to 300 persons, 1 health visitor to 5,000 persons, 1 midwife for 100 births, 1 pharmacist to 3 doctors, and 1 qualified dentist to 4,000 persons, in 1971 in the Indian provinces with an estimated population of 370 million. These proposals involve, during the first ten years of their execution, an anticipated expenditure of 1.875 rupees per head of the population, or nearly twice as much as the current figure for the province with the highest expenditure of all on health service.

Particular attention is called by the Committee to the growth of the urban population in recent years, and the importance of town planning is emphasised. It is recommended that experts should be appointed at the provincial headquarters, charged with the duty of advising municipalities or other local government bodies on town planning and of drawing up standard development plans.

#### SCIENTIFIC AND INDUSTRIAL RESEARCH

In 1940 the Council of Scientific and Industrial Research was set up. It rendered valuable assistance in the war effort, and it is proposed to set up national physical, chemical and metallurgical laboratories and fuel and glass research stations under its auspices,

<sup>1</sup> *Report of the Health Survey and Development Committee*, Vols. I-IV (New Delhi, Government of India Press, 1946).

with the co-operation of the Government as well as of industry. It is also proposed to strengthen the staffs of the existing research institutions, including the provincial, State Governments' and university organisations, and the organisations under the various departments of the Government of India, such as the Imperial Council of Agricultural Research, the Forest Research Institute, the Indian Research Fund Association, the Nutrition Research Laboratories and the Botanical, Zoological and Geological Surveys of India. Steps will be taken to co-ordinate the work of these various bodies and to set up five development boards to deal respectively with medicine and public health; agriculture, animal husbandry and forestry; industry; defence services' requirements; and surveys of national resources.

The Industrial Research Planning Committee recommended in August 1945 that a National Research Council, consisting of representatives of research institutions, the provincial and Central Governments, industry and labour, should be set up as soon as possible to undertake a five-year programme of research, involving a total expenditure of over 55 million rupees.<sup>1</sup>

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<sup>1</sup> *Christian Science Monitor*, 22 Aug. 1945.

## XI

### Provincial Governments' Plans

As has been previously indicated, the plans of the Central Government are designed to co-ordinate and supplement the projects of the provincial and State Governments. Several provinces have published their own reconstruction projects, which as a rule provide for a five-year plan of development concerning agriculture, public works, animal husbandry, fisheries, co-operation, forestry, public health, industries, education and public administration. Priority is accorded to plans for the training of the personnel necessary for the administration of the development projects. In some cases, as, for instance, the United Provinces, remunerative projects are given precedence over those which are not expected to produce quick returns. The first five-year post-war reconstruction plans of the provinces are, moreover, intended to pave the way to a succession of similar plans. An interesting experiment proposed by the Bombay Government is the adoption of four different types of projects: special priority projects (plans for the training of personnel for the administration of development projects); all-province projects (projects extending to all the districts and designed to prepare the way to more intensive development subsequently); particular area projects (projects such as irrigation or anti-malaria projects suitable only for certain areas); and concentrated area projects (projects for a concerted drive for an all-round development of selected areas in various parts of the province). The objective of the last-named proposal is to achieve visible and measurable results, which may prove to be a stimulus for future development. The approximate total expenditure proposed on development for the first five years after the war in the various provinces is as follows: Assam, 840 million rupees; Bengal, 1,684 million rupees; Bihar, 1,200 million rupees; Bombay, 500 million rupees (training of craftsmen and technicians and development of fisheries); the Central Provinces and Berar, 306 million rupees; Madras, 1,365 million rupees; Orissa, 300 million rupees; the Punjab, 1,163 million rupees; Sind, 455 million rupees; and the United Provinces, 1,200 million rupees. It should be added that in many cases these are probably first estimates.

At the time that these plans were drawn up it was, however, the general expectation that the war in the Far East would not come to an end until 1946. Accordingly, the first effective post-war quinquennium was expected to begin only with the financial year

1947-48. With the sudden end of the war in the Far East in August 1945, and the consequent contraction of military expenditure, steps had to be taken to advance the whole programme by one year. It was not possible within the space of a few months to make a full examination of all the provincial plans and to approve them in their entirety. It was decided, therefore, to ask the provincial Governments to select projects which could be undertaken forthwith and which were best calculated to counteract any unemployment and deflation that might follow the cessation of wartime expenditure. In making their selection, provincial Governments were instructed to give preference to: (1) productive and other projects of economic importance which would increase the real national income; (2) projects which would provide a high proportion of employment relatively to cost; and (3) projects which would provide employment for former service personnel.

With the exception of the North-West Frontier Province, all the provincial Governments have selected projects and submitted them to the Central Government for approval. Most of these projects had been included in the original five-year plans, but new ones were added by some provinces, notably Madras.

The Central Government had already decided to give the provinces financial assistance for certain special classes of projects, *e.g.*, in connection with the Grow More Food Campaign, the resettlement of former servicemen on the land, the technical training of students abroad, and the establishment of employment offices. It has further offered financial assistance in the form of: (1) loans to the extent necessary for projects for which the provincial Governments might decide to debit the loan money; (2) advances equal to the total expenditure actually incurred during the years 1945-46 and 1946-47 on projects selected and approved. These advances will not be recoverable from the provincial Governments but will be debitable to the grants which the Central Government proposed to make to provincial Governments for development during the first post-war quinquennium.

The total estimated cost of the projects selected by the provincial Governments is 863.9 million rupees.<sup>1</sup> Of this total, it is proposed provisionally to provide 108.4 million rupees by loans from the Central Government, to take from it advances amounting to 360 million rupees and to meet the balance from provincial resources. The great majority of the projects have already been examined and approved by the Central Government.

These projects include a large number for the expansion of staff and for increasing the supply of trained personnel. Such

<sup>1</sup> See p. 99, table communicated by the I.L.O. Branch Office, New Delhi.

projects do not in themselves provide much employment; they are not immediately productive, and they can only absorb an insignificant number of former servicemen. They have, however, been given high priority in order that development may go forward rapidly in the next few years. Excluding special training projects for demobilised personnel, the total cost of projects of this character included in the plan amounts to nearly 55 million rupees (staff expansion, 30 million rupees; training, 25 million rupees).

In all provinces, most emphasis is laid on the increase of the staffs of the agriculture and veterinary departments. Several provinces have projects for increasing the forest staffs and most have provided for the expansion of their co-operative departments, for more industrial training and for training more teachers, doctors and public health officers. The remaining projects of considerable economic importance may be said to fall under the following main heads: (a) hydro-electric and other electricity projects, 113.1 million rupees; (b) irrigation projects, 80.9 million rupees; (c) afforestation and soil conservation, 19.6 million rupees; (d) agriculture and fisheries, 22.9 million rupees.

Most provinces propose to embark on electricity projects. Irrigation projects will be undertaken by all the provinces except Assam. Though these schemes are undoubtedly productive and will provide employment, most of them will yield no tangible returns until a lapse of at least four or five years. The tube-well project is the only important single project which will yield quick results. Other large-scale projects which are under consideration or in progress are, for example, the Damodar and the Sone River projects, but as they involve more than one provincial administration, they are not included in the provincial plans.

It is proposed to spend a sum of nearly 3.3 million rupees on afforestation. Nearly all provinces have included such projects in their plans. The Punjab, for example, expects to employ 10,000 workers on the planting of trees along roads and canal banks. Bombay and the United Provinces propose to spend considerable sums on soil conservation and land improvement projects designed to check erosion, conserve rainfall and make better use of the land.

All the provinces have adopted projects for the improvement of agriculture and livestock, but the expenditure on directly productive projects falling under this head is relatively small (about 22.9 million rupees). The expansion of cinchona cultivation is provided for by Bengal and Assam, and the development of fisheries by Madras, the Central Provinces and Orissa. Bengal has also provided for seed multiplication farms, and the Central Provinces will subsidise the distribution of improved seeds and fertilisers.



PROPOSED EXPENDITURE BY PROVINCIAL GOVERNMENTS ON DEVELOPMENT PLANS  
 FINANCIAL YEARS 1945-46 AND 1946-47)

(thousand rupees)

Province	Irrigation	Afforestation and soil conservation	Agriculture and fisheries	Electricity	Roads and buildings	Resettlement of former servicemen	Industrial development	Miscellaneous	Total
Assam	—	1,000	250	—	11,980	—	520	17,050	30,800
Bengal	8,700	1,030	3,770	—	49,230	2,290	6,830	68,750	140,600
Bihar	2,820	—	—	1,980	25,500	—	—	—	30,300
Bombay	8,800	15,180	—	6,400	20,340	70	1,100	48,910	100,800
Central Provinces and Berar	2,500	60	9,600	14,700	21,550	260	60	5,670	54,400
Madras	17,660	870	7,260	40,040	56,000	12,810	6,330	24,930	165,900
Orissa	260	30	60	1,500	8,920	2,500	510	20,320	34,100
The Punjab <sup>1</sup>	8,400	300	30	4,000	23,350	1,100	4,030	50,190	91,400
Sind <sup>1</sup>	—	—	—	—	29,290	—	—	4,710	34,000
United Provinces	31,800	1,160	1,900	44,500	63,210	3,950	320	34,760	181,600
Total	80,940	19,630	22,870	113,120	309,370	22,980	19,700	275,290	863,900

<sup>1</sup> Figures not complete.

The total estimated expenditure by the provinces on roads, buildings and other construction projects is 310 million rupees. The United Provinces, Madras and the Punjab propose the largest expenditure on roads, but every province will be spending something on them. Every province has likewise adopted projects which involve a good deal of expenditure on building hospitals, schools, colleges, storehouses and office and other buildings of all kinds. In most provinces, hospital buildings claim the largest share of the expenditure. Drainage and water supply projects for both towns and villages account for the larger part of the expenditure under the heading "other construction".

All the classes of projects mentioned above provide for the absorption of former service personnel; and in the case of some of the projects for staff expansion and training, many provinces intend to reserve for such personnel a definite proportion of the vacancies. In addition, however, to the opportunities afforded to them by these general projects, all the provinces have included in their plans other projects for their exclusive benefit, designed to promote the provision of training and resettlement facilities.

No provision is made in the provincial plans for large-scale industrial expansion, because the development of major industries is intimately bound up with the general fiscal and economic policy of the Central Government and the matter has therefore been taken up by it. The main responsibility of provincial Governments is for the development of small-scale and cottage industries and for industrial training. With few exceptions, all the provinces have made provision in their plans for the improvement or expansion of such industries, either directly or by increasing the facilities for industrial training. Many provinces have provided for the expansion of engineering colleges and of industrial schools.

Of the total estimated expenditure on development plans by the provincial Governments for the two years 1945-1947, amounting to 863.9 million rupees, training projects and expansion of staff (55 million rupees), projects of economic importance (236.5 million rupees), roads, buildings, and other construction, mainly drainage and water supply works (369.3 million rupees), special projects for former servicemen (20.5 million rupees) and industries, excluding industrial training, (nearly 10 million rupees), account for 630.8 million rupees. The balance is made up of expenditure on projects falling under the heads: education; medical and public health, and co-operation; and expenditure on miscellaneous agricultural and veterinary schemes.

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## XII

### Indian State Governments' Plans

Several of the Indian States, more particularly the larger ones, have constituted special bodies, or appointed special officers, to draw up plans for reconstruction. As in the case of the Government of India and of the provincial Governments, they have created special funds for the purpose out of wartime surpluses, and the plans aim at the general improvement of the social and economic condition of the people. Detailed plans have been drawn up, among others, by the Governments of Baroda, Hyderabad, Jaipur, Jodhpur, Mysore, Travancore and Udaipur States. A considerable extension of the public health, public instruction and rural development services, as well as the construction of public works is envisaged in these States. In Mysore State the declared aim is a 100 per cent. increase in the *per capita* income in the first five-year period of post-war reconstruction. The total expenditure involved during this period is estimated at 400 million rupees in the case of Mysore and 100 million rupees each in those of Baroda and Travancore.<sup>1</sup> It may be added that the extent of the land to be brought under cultivation by irrigation, under the plans so far published, is 3 million acres in Hyderabad, 162,250 acres in Jaipur and 1,205,600 acres in Bikaner. The estimated cost of the proposed irrigation projects in Bikaner, Hyderabad, Jaipur, Junagadh and Mysore States is 80 million, 650 million, 12,600,000, 1,750,000, and 20 million rupees, respectively.<sup>2</sup> The Godavari River Development project, which is estimated to cost approximately 400 million rupees and to take seven years to complete, is also being executed by Hyderabad State. As a result of this project nearly two million additional acres of land will be brought under cultivation and new electric, steel, textile, coal carbonisation, engineering, cement and other industries will be set up.<sup>3</sup>

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<sup>1</sup> Communication from the I.L.O. Branch Office, New Delhi.

<sup>2</sup> *New York Times*, 6 Sept. 1945.

<sup>3</sup> *The Gazette* (Montreal), 15 July 1946.

## XIII

### Industrialists' Plan

#### THE "BOMBAY PLAN"

A scheme—generally known as the "Bombay Plan"<sup>1</sup>—for a rapid planned economic development of the country has been put forward by a number of prominent Indian industrialists. The authors explain that their object is merely to present in as concrete a form as possible, as a basis of discussion, a statement of the objectives to be kept in mind in economic planning in India, the general lines on which development should proceed and the demands which such planning is likely to make on the country's resources.

It is further explained that the assumption underlying the proposed scheme is that on the termination of the war or shortly thereafter, a national Central Government, vested with full freedom in economic matters, will come into existence. It is also assumed that the future Government of India will be constituted on a federal basis and that the jurisdiction of the Central Government in economic matters will extend over the whole country. The possibility of a regional grouping of provinces and States as an intermediate link in a federal organisation is not, however, precluded.

The plan aims at doubling the *per capita* income within a period of fifteen years. It is estimated that with an increase of population at the rate of five million per annum, as shown by the last census, such a doubling of the *per capita* income would necessitate the trebling of the present national income. To bring about this increase, it is proposed that the net output of agriculture should be raised to a little over twice the present figure and that of industry, including small-scale industries, to approximately five times the present production.

The authors of the plan appreciate the difficulties in the way of the attainment of the proposed goal. Their approach to the problem, it is stated, has been characterised by the dictum that "money or finance is not the master of a country's economy but its servant or instrument". The conviction is expressed that the capital expenditure proposed is well within the limits of the country's

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<sup>1</sup> *A Brief Memorandum outlining a Plan of Economic Development for India*, by Sir Purshotamdas THAKURDAS, J. R. D. TATA, G. B. BIRLA, Sir Ardeshir DALAL, Sir Shri RAM, Kasturbhai LALBHAI, A. D. SHROFF and John MATTHAI (Bombay, 1944; the memorandum has since been published in London and New York by Penguin Books, Ltd.).

resources and that, from a business point of view, such expenditure will constitute a sound and profitable investment for the country.

The estimates of the costs mentioned in the memorandum are, it should be added, based approximately on the average price level during the period 1931-1939, and the calculation of the expenditure involved in the attainment of the minimum standard of living set out below is with reference to the total population as in 1941.

On the basis of conclusions reached by nutrition experts it is considered that, in India, the daily diet of an adult should be 2,600 calories in value, and consist of cereals (16 oz.), pulses (3 oz.), sugar (2 oz.), vegetables (6 oz.), fruit (2 oz.), fats and oils (1.5 oz.), and whole milk (8 oz.) or meat, fish and eggs (2.3 oz.).

The *per capita* consumption of cotton cloth in India in 1929 was 16.1 yards, or much less than the corresponding figure for a number of European or Asiatic countries. The standard aimed at in the plan is 30 yards.

Housing presents a more complicated question, to be dealt with in accordance with local conditions in different parts of the country, but the urgent need for improvement is acknowledged.

The existing conditions of public health are admittedly deplorable. Preventive measures, dealing with sanitation, water supply, anti-epidemic precautions, maternity and child welfare and curative measures, in the form of the provision of adequate medical facilities, are alike considered indispensable.

Finally, as regards education, the plan provides for compulsory primary education and a considerable extension of secondary, university and vocational education and scientific research.

According to the latest available estimate, in 1931-32 the total national income of British India was 17,660 million rupees and the *per capita* income under 65 rupees a year. Since then prices have risen and the population has grown, but there has been no significant increase in the national dividend. The attainment of the minimum standards specified, together with a small margin for recreational and cultural activities, would, it is estimated, necessitate the enhancement of the national dividend (for the whole country, including the Indian States) to 66,000 million rupees and of the *per capita* income to 135 rupees in the fifteen years ending 1960. Under the proposed plan, the contributions of industry, agriculture and services to the national income would be changed from 17, 53 and 22 per cent. respectively (in 1931-32 in the Indian provinces) to 35, 40 and 20 per cent. respectively (for the whole of India including the Indian States). The goal, it is observed, is a

modest one in comparison with the results of planned economy in the U.S.S.R., where the national income is reported to have increased fivefold in twelve years.

It is urged that the basic or heavy industries should be accorded priority over consumers' goods industries in the early stages of the enforcement of the proposed plan. It is noted that the development of electricity is indispensable for industrial expansion and agricultural reorganisation; the potential reserves of hydro-electric energy in the country have been estimated at 27 million kilowatts, and only half a million kilowatts have so far been developed. The plan also emphasises the desirability, in the peculiar conditions of the country, of the development of small-scale industries at the same time as that of large-scale industries, because of the need to provide employment and reduce the amount of capital required for industrial expansion.

The plan envisages an increase of 130 per cent. in agricultural production. The need to grow more food is particularly emphasised, and it is pointed out that the cultivation of cash crops such as jute, tea, cotton, and oil seeds would have to be adjusted to the requirements of post-war international trade. The organisation of co-operative farming, even if some form of compulsion has to be resorted to, is recommended for the consolidation of holdings without depriving the cultivators of their right to the ownership of the land. Co-operative methods, together with conciliation procedure, are likewise recommended for the reduction of agricultural indebtedness. The total amount of this debt, which before the war was estimated at 12,000 million rupees, has, it is believed, probably been reduced considerably as a result of the rise in agricultural prices in the previous two years. Attention is drawn to the urgent need for measures to check soil erosion. The extension of irrigation facilities and the institution of model farms are advocated.

Having regard to the importance of sufficiently extensive communications and transport facilities for development, an increase of over 50 per cent. in the existing railway mileage and of 100 per cent. in the road mileage in British India, the metalling of existing roads, the use of pneumatic tires for bullock carts and the improvement of harbour facilities in the several ports are proposed.

The total expenditure for carrying out the various proposals contained in the plan would be 100,000 million rupees. It is proposed to meet that expenditure by funds derived in the following manner: 3,000 million rupees by the mobilisation of wealth privately held in the country; 10,000 million rupees from sterling securities

accumulated during the war; 6,000 million rupees from favourable trade returns; 7,000 million rupees from external loans; 40,000 million rupees from savings; and 34,000 million rupees by "created money" or the issue of currency. Ways of raising the capital (taxation, Government borrowing, voluntary private investment) can, it is stated, be indicated more clearly only when the plan is ready for execution, in the light of the conditions at the time.

The enforcement of the plan, it is urged, should be gradual, in three five-year periods of increasing intensity, and should take into account the possibilities of mobilising national resources, labour, capital goods and managerial ability. It should also give priority to certain types of development and avoid undue strain on the national economy in the early stages.

Measures for bringing about a more equitable distribution of the national income and the problem of State ownership, control and supervision are dealt with in a subsequent publication.<sup>1</sup> An orderly change from the existing economic organisation to a system which would ensure both sufficient scope for productive enterprise and equitable distribution is urged by the authors, and it is pointed out that the plan has the twofold objective of securing to every person a minimum income essential for a reasonable standard of living and of preventing gross inequalities in the incomes of different classes and individuals. To secure a minimum standard of living, it is proposed, on the one hand, to increase the general level of income through full employment, more efficient methods of production, improvements in rural and urban wages, stability of agricultural prices, development of multi-purpose co-operative societies and reform of the land system (replacement of the landlord by peasant proprietors), and, on the other, to reduce the cost of living through the provision of social services, such as primary and middle school education, adult education, and medical treatment free of charge, and of essential utility services, such as electricity and transport at low cost.

Gross inequalities of income are to be eradicated partly by such measures as a steeply graduated income tax, death duties and control of interest rates, prices and profits, and partly by decentralising the ownership of the means of production through the encouragement of small-scale and cottage industries, the widespread distribution of shares in joint-stock companies, the regional distribution of industries and the development of co-operative enterprise.

<sup>1</sup> *A Plan of Economic Development for India: Part II (Distribution-Role of the State)*, by Sir Purshotamdas THAKURDAS, J. R. D. TATA, G. D. BIRLA, Sir Shri RAM, Kasturbhai LALBHAI, A. D. SHEROFF and John MATTHAI (Bombay, The New Book Co., 1944).



The authors of the plan consider that, although the State should play a positive role in the direction of economic policy and the development of natural resources, there should be, on the one hand, sufficient scope for individual initiative and enterprise, and that, on the other, the interests of the community should be effectively safeguarded against the abuse of individual freedom. Of the three methods of State intervention, namely, ownership, control and management of economic enterprise, control is considered to be the most effective. State ownership is advocated in all State-financed enterprises or where it is a necessary means of enforcing State control. The State-owned enterprises, however, may be managed by private concerns or by *ad hoc* public corporations. Enterprises owned wholly or partially by the State, public utilities, basic industries dependent on scarce natural resources and those subsidised by the State should normally be subject to State control, which may be exercised through the control of prices and profits, the determination of conditions of work and wages, Government representation on the board of management, etc. During the planning period, however, the State will have to adopt a number of controls of a temporary character in the spheres of production, distribution, consumption, investment, foreign trade and exchange, and wages and working conditions.

The authors consider that the wide powers of direction and control invested in the State for the successful execution of the plan proposed by them should be exercised through a national Government responsible to the people.

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## XIV

### Trade Union Proposals

#### RECOMMENDATIONS OF THE ALL-INDIA TRADE UNION CONGRESS

The All-India Trade Union Congress adopted a comprehensive resolution on social economic planning at its twenty-first session, held in Madras in January 1945. The resolution welcomed the growing public interest in such planning, and while declaring that complete planning of social and economic life could only be achieved under socialism, laid down the objectives to be pursued during the transitional stage. Included in these objectives are the establishment of heavy industry, the modernisation of agriculture, the adoption of minimum wage and social security legislation, the reduction of hours of work and the provision of housing and other social services. The resolution stated that, in the view of the Congress, public enterprise and public control would need to play a large part even during the transitional stage to full-fledged socialism if the standard of living of the people was to be raised. It therefore recommended the nationalisation of key industries, mines and quarries and the land as well as transport and communications, banking, finance and insurance, and the establishment of a system of profit control in respect of both commerce and industry, designed to safeguard the fundamental economic rights of the people.<sup>1</sup>

#### THE "PEOPLE'S PLAN"

The "People's Plan"<sup>2</sup> was prepared by the Post-War Reconstruction Committee of the Indian Federation of Labour. The fundamental notion underlying this plan is the democratisation of the political and economic structure of the country as speedily as possible. It is observed that the raising of the general standard of living is not an invariable concomitant of a planned economy, for "it is possible to imagine a manifold increase in the national income with a considerable deterioration in the living conditions of the people". The duration of the plan is ten years. It is confined to the Indian provinces, but the desirability of bringing the Indian

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<sup>1</sup> *All-India Trade Union Congress Report...Twenty-first Session, Madras, 1945* (Bombay, 1945).

<sup>2</sup> *People's Plan for Economic Development of India*, being the Report of the Post-war Reconstruction Committee of the Indian Federation of Labour (Delhi, 1944).

States within its scope is emphasised. The purpose of the plan is to provide for expanding social standards and its immediate objective is to increase the agricultural output fourfold and industrial production sixfold. The price level on the basis of which the estimates mentioned in the plan have been prepared is the quinquennial average for the period 1934-1939.

At the outset, the importance of concentration, in the initial stages of enforcement of the plan at least, on agriculture, which provides employment for the large majority of the people, and of the extension of the internal market is emphasised. It is observed that to be effective, planning, instead of being governed by the profit motive, should aim at the advancement of the welfare of the people. The control of production by the State and the democratisation of the State are considered to be indispensable for such a reorientation of policy. A number of general principles are enunciated as the indispensable basis of the proposed plan. These include, in particular, the liquidation of the rural debt, the establishment of State control of foreign trade, banking and financial transactions with foreign countries, the systematic reinvestment in the national economy by the State of the surplus wealth produced so as to quicken the pace of economic development, and the limitation of the revenue payable for the use of private capital to 3 per cent., the Government guaranteeing the payment and including it in the national budget.

The proposals for agrarian reform include the following: the application to the whole country of the recommendation made by the Bengal Land Revenue Commission, which reported in 1938, to the effect that the State should acquire the rights of private interests in agricultural land by compensating the present owners; the similar acquisition of the private interest in underground wealth and in fisheries; the compulsory scaling down of rural debts and their assumption by the State; the extension of the area under cultivation and the adoption of intensive methods of cultivation (extension of irrigation, land reclamation, mechanisation, adoption of improved methods of animal husbandry, establishment of collective farms, soil conservation, development of food industries, provision of adequate manuring and of improved seed).

The reform and reorganisation of agriculture will, it is believed, lead to a wide distribution of the increased income and an expansion of the internal market. The development of consumers' goods industries must, it is urged, be the immediate objective of the plan, for it is observed that "it is indeed a little pathetic, and may even prove to be considerably harmful, to start, with half-filled bellies and half-clad bodies, thinking in terms of automobiles and aero-

planes". Some expansion of the basic or heavy industries is, however, considered indispensable for the development of the consumers' goods industries.

In order to place the manufactured products within the reach of the consumer, it is thought essential that the State should fix prices and control new industries. Any considerable use of cottage industries cannot, it is stated, be reconciled with the purpose of the plan, which is to open up the prospect of a continual improvement in living standards by increasing productivity. It is realised that the rationalising of agriculture would release a large volume of labour, all of which it may not be possible to absorb in the increased activities resulting from the enforcement of the plan. Private enterprise may, it is suggested, be left free to operate in respect of such surplus labour, provided that the over-all control of the State in matters of policy is maintained.

A 70 per cent. increase in the existing railway mileage and 160 per cent. increase in the route mileage, the development of ports and inland navigation and an increase in shipping tonnage are proposed.

The extension of public health measures (provision of additional rural and urban dispensaries and hospitals, maternity and child welfare centres, specialised hospitals, and rural and urban water supply and sanitation facilities), public instruction (provision of a system of rural and urban primary, middle and secondary schools, university and technical educational centres and rural and urban cultural centres) and rural and urban housing is proposed. It is emphasised that, under the plan, all the social services in respect of health, education and housing are to be provided to the people free of cost.

The minimum social standards aimed at are, in respect of food, an average diet of 2,600 calories per day per adult; in respect of clothing, 50 yards of cloth per person; in respect of housing, 100 square feet of built area per head; in respect of medical assistance, a dispensary for every 1,000 to 1,200 of the population in rural areas and a hospital for every 10,000 persons in urban areas; and in respect of education, a primary school for every 1,000 of the population, with an approximately proportionate number of other educational institutions.

The plan calls for a capital expenditure of 150,000 million rupees. It is proposed that the necessary funds should be drawn from the following sources: sterling balances, 4,500 million rupees; taxes—estate duty, inheritance tax, death duty—8,100 million rupees; income from nationalised land preparatory to the enforcement of the plan, 900 million rupees; income from agriculture for

reinvestment during the period of enforcement of the plan, 108,160 million rupees; and income from industries for reinvestment during the same period, 28,340 million rupees.

As has been stated above, the plan is based on the principle that, during the period of enforcement, the surplus in the national economy should be reinvested in it by the planning authority, and, accordingly, there is a cumulative increase in the expenditure from 3,000 million rupees in the first year to 23,570 million rupees in the tenth year. The initial finance needed for the plan for the first three years of its operation is estimated at 16,000 million rupees.

Finally, certain important considerations are emphasised. Attention is drawn to the need for the organisation of consumers' and producers' co-operatives for distribution, instead of leaving the circulation of commodities to the normal trade channels, the working of which is governed by the profit motive. The effect on social standards of the increase of population at the rate of five million a year is recognised. It is observed, however, that nothing important in this respect can be done during the period of the plan, but that it is hoped that the secular outlook on life accompanying the improvement in living standards will operate ultimately as an effective check on the growth of population. It is also recognised that India will not be able to plan its life in economic isolation and that the plan will have to be such as to fit into the post-war world context. The belief is expressed that a plan leading to improvements in the standard of living of one fifth of the human race will be one of the greatest stabilising factors in the world economy of the post-war period.

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Planning is perforce provisional in character as it is rooted in certain assumptions or anticipations, which in the final outcome seldom correspond to the initial formulation. Such assumptions are at best a working hypothesis based on current trends, the course of which, however, is being continually altered by new factors or factors only dimly perceived in the first instance. As will have been seen in the preceding pages, the plans drawn up by workers' and employers' representatives presuppose that it will be possible to bring into existence a central authority to proceed with the planning. A similar assumption underlies the Central Government's plan, although the precise character of this authority is left to be determined in the light of future political developments.

The somewhat sudden termination of hostilities in the Far East, the character of the foundations on which the world political structure will have to be rebuilt, the numerous difficulties to be overcome in the transition from war to peace, and, not least, the many political problems which await settlement in the country itself, are all factors which will have an important bearing on reconstruction planning in India. These factors will affect the pace of such planning and determine its character, but they do not in any way detract from the importance of the emergence of a new outlook in India, shared by the public authorities and the people alike, which consists in the desire to take all possible steps to increase production and improve the general standard of living. No visitor to India at the present time can fail to be impressed by this change amidst the social and economic unsettlement brought about by the war.

While the war served to demonstrate the urgency of the need for economic and social reconstruction in India, it is evident that the process of the reorientation of Indian social life had already begun some twenty years earlier. Although India is reputedly a land of villages, there has been a marked advancement in urbanisation in the last quarter of a century. In the nineteen twenties the decennial rate of increase of the urban population in British India was as high as 20 per cent., as compared with 9 per cent. in the case of the rural population. The difference was still greater in the following decade, for which the rates of increase of the rural and urban population were 13 per cent. and 33 per cent. respectively. Industrialisation, the attraction of town life for the middle classes and the availability of better educational facilities in the towns, among other things, no doubt accounted for the increase. The substitution of electric power for power from coal may be expected to result in a gradual dispersion of the towns in the future, but the quest for civic improvement is likely to remain a permanent characteristic of former town dwellers.

The comparatively rapid spread of literacy among the masses is another feature of the last two decades. In 1921 the total number of literates in British India was less than 15 million and the proportion of literates to the total population was 6 per cent., while in 1941 the literates numbered 37 million and formed 13 per cent. of the population. The number of children attending primary schools increased from 6 million in 1920-21 to 12 million in 1940-41 and that of secondary school pupils from about 1 million to 3 million during the same period. Technical and industrial schools increased their strength fourfold—from 10,000 to over 39,000—during the two decades 1920-21 to 1940-41. The annual expenditure

on recognised educational institutions (half of which was met from Government funds), which was less than 160 million rupees in 1920-21, was over 300 million in 1940-41.

As to the extension of industrialisation, during the period 1932-33 to 1940-41, the steel ingot production increased from less than 600,000 tons to 1.3 million tons a year. During the same period the annual output of finished steel rose from 359,000 tons to 925,000 tons. During the interval between the two wars, in the cotton textile industry the number of spindles increased from 6.2 million to 8.4 million and the number of looms from 109,000 to 168,000; the output of yarn more than doubled in weight and that of piece goods nearly trebled in length. The output of sugar, which was only about 300,000 tons in 1932-33, has at the present time risen to over 1 million tons. In the last twenty years, the steel, sugar, paper, cement, soap, matches and chemical industries have been firmly established, and the progress of industrialisation has been sufficiently marked to make it necessary for the country to import a supply of raw materials for its own needs without impairing the extent of its export of such materials. Agricultural research and marketing, co-operation, irrigation, banking, postal savings, insurance, communications, electrical power production and various other branches of social and economic activity also showed encouraging signs of development, although in the vital matter of food production for the increasing population no such progress was noticeable.<sup>1</sup>

Notwithstanding these favourable trends, it would be a mistake to underestimate the difficulties to be surmounted in order to bring the standards of life and work in India into conformity with those which prevail in certain other countries. The extent of the gap to be covered will be apparent from a calculation made by Mr. Colin Clark, who, taking an international unit to mean the amount of goods and services which could be purchased for one dollar in the United States over the decade 1925-1934 (average), estimated the annual average *per capita* income in that country at 1,300-1,400 international units, as compared with less than 200 such units in British India, the Netherlands Indies and the rest of Asia.<sup>2</sup> The gap is being widened, moreover, by the increasingly heavy pressure of population on the resources of these countries. The net addition to the population in India in the two decades 1920-1940 was 80 million, and the high rate of natural increase has been sustained

<sup>1</sup> Cf. OFFICE OF THE ECONOMIC ADVISER, GOVERNMENT OF INDIA: *Statistical Summary of the Social and Economic Trends in India (in the Inter-War Period)*, *op. cit.*

<sup>2</sup> Cf. COLIN CLARK: *The Conditions of Economic Progress* (London, MacMillan and Co., Ltd., 1940).



by a fall in the infant as well as general mortality rates. As a result of the gap, the more superficial differences between the east and the west are intensified and the cleavage between the two tends to be deepened in a world in which unity has become an urgent necessity. The reduction in the gap in living standards between the North American continent and the rest of the world will present many complicated problems, and it cannot be accomplished by the mere discussion of generalities or enunciation of universal principles. Still less can it be expected to result from an attitude of natural or studied reluctance to tackle the task or of leaving well alone and letting time take its toll. It is a very considerable undertaking, which calls for determined national action for the increase of production and efficiency and co-ordinated international organisation designed to facilitate such expansion. Not until the gap is reduced will it be possible either to find the expansive markets indispensable for the products of the present-day industrial civilisation or to ensure that close association of the peoples of the world which alone provides, in the last analysis, an adequate safeguard for the maintenance of peace.

